

R E P O R T,

MINUTES OF EVIDENCE, AND APPENDIX,

FROM THE

C O M M I T T E E

On the Circulating Paper, the Specie, and the Current
Coin of IRELAND;

And also, on the Exchange between that Part of the
United Kingdom and GREAT BRITAIN.

*Ordered, by The House of Commons, to be printed,
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THE COMMITTEE, appointed to inquire into the State of IRELAND, as to its CIRCULATING PAPER, its SPECIE, and CURRENT COIN, and the EXCHANGE between that part of the UNITED KINGDOM and GREAT BRITAIN, and to report the same, with their Observations and Opinion thereupon, to the House; and who were empowered to report the MINUTES of EVIDENCE taken before them from time to time to the House;—Have, pursuant to the Order of the House, examined into the Matters to them referred; and have come to the following REPORT:

YOUR Committee having reported to the House from time to time the Evidence and Information laid before them, are now to report such observations and opinions as have occurred on the matters committed to their Inquiry; and they will first proceed on the Exchange between Great Britain and Ireland, which, for the clearer arrangement of so intricate a subject, they will consider under the following heads:

- 1st. As to the Fact of an unfavourable Exchange existing, and to what Extent:
- 2d. As to the Causes which have created it:
- 3d. As to the Remedies which can be resorted to for either removing or alleviating the inconveniencies arising from it.

To elucidate the first point, Tables of the State of Exchange, for a long series of years, between Dublin and London, have been produced by John Paget, Esq. from the books of his house; Accounts have also been obtained of the state of Exchange between Belfast and London, for a few years past, differing from the former, sometimes even so far as 10 per cent.; but this difference is fully accounted for. In Belfast the Bills of Exchange are purchased by Guinness, in Dublin by Bank of Ireland and other Bankers' Notes; and if the Exchange between Great Britain and Ireland be stated as it actually exists, where Guinness are the circulating medium, Your Committee would be inclined to think that the Exchange is now and actually has been in favour of Ireland; but if it is to be estimated by the Rates which prevail where Paper is the circulating medium, the Exchange appears to be now, and to have been since 1798, uniformly against Ireland, and to have risen to a degree wholly unprecedented; the former they would call the Real, and the latter the Nominal Rate, and the difference between them arises, as far as Your Committee can form a judgment, from the depreciation of the circulating Paper. They are the more induced to this opinion by observing that the variations in the price of Guinness in Ireland, or, in other words, the Rate of the depreciation of the circulating Paper, keeps pace in general with the difference between this Real and Nominal Exchange. It is true, that some doubts have been entertained whether the price of Guinness has not risen above their intrinsic value in consequence of their scarcity, occasioned, 1st, by the Act imposing a Restriction on their Issue; 2d, by quantities being hoarded; and 3d, by the constant demand for them from the North of Ireland, where the payment of rents, purchase of linen, and almost all money transactions, are carried on chiefly, if not solely, by Specie; but if a person possessed of a Guinea can get for it a Guinea Bank of Ireland Note and also two Shillings, and if the person

who wants the Guinea is forced to give in addition to the Bank of Ireland Guinea Note two Shillings to obtain the Gold, it seems evident that the Bank of Ireland Note, being by so much of less value than the Guinea, is by so much depreciated, more especially when Exchange is the object of Inquiry, which between any two countries is generally, if not always, estimated on the value of Specie or Bullion; and the Guinea in England and in Ireland being the same Coin current in each country, seems to be the true standard to which circulating Paper should be referred for comparison of value. It is not to be supposed, that by any circumstances Guineas can be rendered 10 per cent. higher in Ireland than in England, when the expense of conveying them from one country to the other does not amount to 1 per cent.; but further, the circulating Paper of Ireland seems equally depreciated when compared with a Bank of England Note; for though a Note of each Bank may profess to represent the same quantity of Gold, the man who wants to obtain the latter will find the former as much inferior in value to it as it is to a Golden Guinea, and he must give the same additional sum to obtain it as to obtain the Guinea. The causes of this depreciation of Irish Paper, and its effects upon Exchange, Your Committee will postpone until they shall enter on the Second Part of the Arrangement they have pointed out: and in proceeding with their Inquiries into the present real state of the Exchange, whether it be unfavourable or not to Ireland, they wish the House to keep distinct in their view the consideration of an Exchange being favourable or otherwise, from that of the degree or rate in which it is so.

Exchange becomes unfavourable to any country when that country, being in debt to another on the whole sum of its money transactions, including all items of Remittance, Balance of Trade, &c. has occasion to transmit more than it is to receive; the expense of transmitting which surplus it must of course defray, and the Exchange is of course against it; this expense (while Guineas can be supplied by the debtor country) ought only to amount to the actual cost and commission on transporting Specie from it to the other, and does not amount to 1 per cent. between Dublin and London, including insurance; but any excess in the Rates of Exchange beyond this expense forms a separate consideration, and must arise from other causes, which will be stated hereafter, as far as they have occurred to Your Committee. The inference from this distinction is, that the unfavourable Exchange is generally a symptom of a country having a balance to pay, but the rate of it is not the necessary consequence of that balance, nor does it, or its fluctuations, necessarily or exclusively depend on the amount of it.

The real Exchange, that is, where the Bills of Exchange are paid for in Specie, as in Belfast, having been stated to be in favour of Ireland, during the whole of the year ending 31st January 1803, Your Committee will proceed to examine into the actual state of pecuniary transactions between the two countries during that year (full documents for the last year not having been delivered,) in order to see whether, upon the whole of all accounts for that year, England was to remit a balance to Ireland, or the reverse; and the investigation will satisfy those who think the state of Exchange depends on the balance of Payments, that the rise in the Irish Exchange cannot be accounted for on the principle of that Balance.

Your Committee find by Mr. Paget's return, that in that year, after paying all Charges and Interest on the public Debt of Ireland, due in London, he remitted to the Irish Treasury the sum of £.1,324,810 on account of the surplus of £.3,000,000 British, borrowed in England, of Money for Lotteries, small re-payments for seamen, and other articles. They find, also, that the Total Balance of Trade in favour of Ireland, calculated according to the current prices (and they do not think them over estimated) amounted in that year to £.917,299, making together the whole sum to be remitted to Ireland

£.2,342,109

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£.2,342,109, against which there is to be set the probable amount of Rents and Income, and other charges for Absentees, about £.2,000,000, to be remitted by Ireland, leaving a clear estimated Balance in favour of Ireland of £.342,109; but if that Balance of Trade be computed upon the principle stated by Mr. Marshall as the proper one, it amounted according to his account to - - - - - £.1,816,814

instead of - - - - - 917,299

and the difference - - - - - £.899,515 being added, will

leave the Balance so estimated in favour of Ireland £.1,241,624. Your Committee are therefore corroborated by these statements in the opinion which they have ventured to offer, that the real Exchange not only was but ought to have been favourable to Ireland; and upon looking forward to the present year they feel every reason to believe that it ought to be still more favourable during the course of it.

They estimate that the Account will stand nearly as follows:

Sums to be remitted from England between 5th January 1804,
and 5th Jan. 1805,

On account of a Loan made in England for Ireland, of £.4,500,000 British, of Lotteries, and small Re-payments to the Irish Government - - -	} £.5,000,000 Irish.

Sums to be remitted to England for same time,

Interest of the Irish Debt and Charges payable in London, about or rather under £.1,500,000 -	} 3,500,000
For Absentees, about - - - £.2,000,000 -	
Making together - - - - -	

and leaving a clear Balance of - - - - - £.1,500,000 in fa-

vour of Ireland against England, exclusive of all considerations of Balance of Trade: But there seems no reason to suppose that the Balance thereof, which was £.917,299 by one calculation, and £.1,816,814 by another estimate in Ireland's favour, in the year stated, should so greatly differ as not only to cease to be favourable in that amount, but to absorb also the other Balance of £.342,109, or of £.1,241,624; by the latter estimate Mr. Coningham's testimony here has great weight; he thinks "that Ireland has paid every thing she owed, either in her Exports or Bills of Exchange, which she drew on account of those Exports, and that Ireland owes as little upon her Trade now, in proportion to its extent as she has owed at any one period." Your Committee therefore do not hesitate to express their conviction, that the real balance of pecuniary transactions will be greatly in favour of Ireland this year, and consequently that the real Exchange is and ought to be under Par; of course they feel themselves compelled to seek in other causes than the Balance of Debt for the unfavourable Exchange now subsisting between the two countries; and when they consider the length of time that it has continued, and its progressive rise beyond every thing before experienced, and also that it is unfavourable, not to the Debtor but to the Creditor Country, they are led to the conclusion, that the Balance of Debt, so far as it has operated, has tended to lower an Exchange rendered unfavourable to Ireland by other causes.

These causes Your Committee will now proceed to investigate; which leads them to the Second part of their Arrangement, and they will take up the subject from the time of the Restriction Act in 1797.

THIS Act originated in England, from English considerations only; and Your Committee do not mean to inquire into, much less to doubt, the policy or even the necessity of its adoption; they will only observe, that it did not arise in Ireland from any consideration of the circumstances of that country, but was enacted there as a measure supposed necessarily to result from its being enacted in England; they do not find that it was preceded in Ireland by any inquiry into the state of that kingdom; the Exchange was at the time, and had been for a long-continued period before, regularly in its favour; there was of course no reason to apprehend a drain of Specie from thence, and therefore a separate consideration of that country would probably not have suggested or justified the measure; there had not been any alarming demand on the Bank there as in England, nor did the Bank of Ireland apprehend any as the Bank of England did, on the contrary the favourable Exchange was bringing in Specie; and so satisfied were the Directors of the English Bank of there being no apprehension of a drain of Specie from Ireland, that in their evidence before a Committee of the Lords, in 1797, they stated their alarms of a drain from England into Ireland; and their fears even of a Loan being then negotiated in England for the use of Ireland are expressed in terms of repeated anxiety. In February 1797, the month when the Restriction was imposed, their Court resolved "That such a Loan would necessarily endanger the safety of the Bank of England, by the large drains of Cash which it must occasion for the remittance of that sum to Ireland."

Under these circumstances the Restriction passed in Ireland; and to the consequences of it Your Committee must attribute the unfavourable Exchange, and all the high and progressive advances of the Rate.

It compelled the Bank to refrain from sending into circulation, Gold, the only common medium between the Countries—it gave occasion to the great issue of Paper which followed to replace the Gold so withdrawn, and removed at the same time the best and most effective check against the depreciation of that Paper, namely its convertibility into Gold at the will of the holder—it tended to encourage an unlimited and over-abundant issue, by releasing the Bank from performing their engagements, and by taking away from them the former criterion, namely, the diminution of their Gold, which they were accustomed to look to for judging when their Paper became excessive—it promoted a new and unrestrained trade in Paper Currency, and excited individuals to speculations which interfered with the steady natural rates of Exchange—the number of speculators so encouraged contributed to raise the price of Bills on England, which being paid for in depreciated Paper the Rate of Exchange rose proportionably.

Other evil consequences followed, which tended, in a further degree to assist in depreciating the Paper; forgeries were multiplied, particularly of the smaller Notes substituted for Gold—additional Silver Currency became necessary, and as it was not supplied by the Mint, its place was either filled by small notes, even as low as 6d. without the checks against forgery attending those of larger value; or base coin was fabricated and forced into circulation.

The natural and constant effect of an unfavourable Exchange remedying itself by diminishing the issue of Paper was also counteracted by this measure; for when Exchange is so unfavourable to a country as to draw Gold out of it, it is obvious, that for every Guinea drawn out of the Bank an equal amount of Paper must be drawn out of circulation to be paid for the Guinea; the re-issue of Paper to that amount must be prevented by the decrease of the stock of Specie; the same cause will most probably induce the Directors to diminish

diminish their Discounts, so that the quantity of Paper becomes diminished by a still greater amount than the Gold drawn out of the Bank in consequence of the unfavourable Exchange.

Such has been the natural practice of Banks previous to the Restriction; Mr. Colville states it in very clear and forcible terms, as to the Bank of Ireland. Prior to 1797 they limited the amount of their issues as Exchange note. If prudence had not dictated such a course, necessity would have compelled a diminution of Issues by diminishing the stock of Specie, which could only be replaced at a loss proportionate to the existing rate of Exchange; and Your Committee observe, that in fact as well as in theory, the result of such practice always was and must be the redress of the unfavourable Exchange.

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But the Restriction Act freed the Directors of the Bank of Ireland from that necessity, inasmuch that Your Committee have to observe, that so far from contracting their Issues in consequence of the unfavourable Exchange, they have increased them, which the state of the Exchange would have prevented them from doing had there been no Restriction to protect them from the obligation of paying their Notes in Cash.

The fact mentioned by Mr. Colville, of the excessive Issue of Paper in 1753 and 4, and the considerable rise of the Exchange against Ireland which accompanied it, confirms the position, that excessive Issues of Paper produce a proportionate rise in the rates of the Exchange; and your Committee are still further confirmed in this opinion, by observing, that the Exchange immediately became favourable to Ireland, when the failure of the Dublin Banks, which ensued, had annihilated that excess of Paper.

The reason is obvious—the nominal Rates of Exchange are influenced by the medium in which the payments are made, and the quantity of that medium, necessary to effect a given payment, must be increased as the value of the medium diminishes. This must equally take place, whether the payments are made in a degraded or adulterated Coin, or in a depreciated Paper.

There is a circumstance mentioned by Mr. Marshall, from Doctor Adam Smith, which happened in King William's reign, in the intercourse between London and Holland, which establishes the point, that a depreciated Currency will not fail to affect the Exchange. The British Coin was at that time degraded in England 25 per Cent. below its nominal value, and the computed Exchange with Holland was 25 per Cent. against England; but on the reformation of the Coin the Exchange fell to Par. If Paper, therefore, by depreciation comes to represent a less quantity of Money than it professes to do, it must make the Exchange which it is to pay appear unfavourable, in the same manner as coin in which it were to be paid would have done if by degradation it should cease to contain the same portion of Gold which it used to do; and the removal of the degradation in the one case, and of the depreciation in the other, would have the same effect in bringing the Exchange to Par, or whatever might be its real state.

That this depreciation in Ireland arises almost entirely, if not solely, from an excess of Paper, appears highly probable; and Your Committee, in advertising to the Issues of the Bank of Ireland, do not mean to decide whether the Directors of it might not have had strong reasons for their conduct; but they conceive it their duty to call the attention of the House to a matter of so much importance.

In March 1797, when the Restriction took place, their circulating Paper amounted to between £.600,000 and £.700,000, and on the 1st of January 1804 it was £.1,986,999.

Appendix,
(G.)

From £.1,000,000 to £.1,200,000 of this increased Paper consisted of Notes of £.1 up to three Guineas, which together with a small part of the

issue for larger sums may be considered as chiefly occupying the place of the Guineas withdrawn; so that if the whole of their Paper in circulation in January last be divided into five parts, one will appear necessary as having existed prior to the Restriction; two are to be set down as occupying the place with Gold withdrawn; and no sufficient reasons have been given for the issue of the remaining two parts, or for the Bank not having diminished its paper, when Exchange rose, in the same manner as they must have done in case the Restriction Act had not been in force. The Issues of the Bank of England afford a very different view. They were, on the average of three months to 25th March 1797, £. 10,431,700, whereof £. 268,500 were £. 2 and £. 1 Notes; and they were, on the 25th of January 1804, £. 17,761,090, whereof £. 4,711,150 were £. 2 and £. 1 Notes.

But Your Committee are far from saying that local considerations, and different circumstances at the moment, might not have had a separate influence on the two Banks; they would only add, that Exchange began to rise in 1799, and that the circulation of the Paper of the Bank of Ireland was, as Mr. Colville states, *concomitant and extended with it*; and that upon comparing the issues of the Bank of Ireland with the rates of Exchange, a strong presumption arises of the connexion between an increased issue and a high Exchange. For in £. March 1797. The Paper of the Bank was between - - - 6 & 700,000
And Exchange in Dublin 5½ to 6½:

April 1801. Paper was - - - - -	2,166,000
Exchange rose from 11½ to 19;	
1st January 1804. Paper was - - - - -	2,986,999
Exchange rose to 17 & 18.	

How far the increase of their Paper facilitated or encouraged the increase from private Banks is not clearly established by the evidence; but it appears to Your Committee that the increase of Stamp Duties (even under the observations made by Mr. Beresford) affords some proof of it; and the whole train of evidence respecting country Banks supports the assertion, particularly as to those numerous country Shops throughout the south of Ireland (many of which can hardly be called Banks) who forced their silver notes and I. O. U's on the public with such profusion, as, in one instance, not even to have kept an account of them; and the inundation must have been very great, if any inference can be drawn from the number of persons whom the Restriction on Specie encouraged into the business.

On this subject Your Committee deem it necessary to call the attention of the House to the following remarkable facts:

In the year ending 25th March 1800 the number of Bankers

issuing Notes was - - - - -	11
- - - ending 1st January 1801 - - - - -	23
- - - - - 1802 - - - - -	29
- - - - - 1803 - - - - -	30
- - - - - 1804 - - - - -	40

And,

The number of Notes paying Duty in the like periods, was

		1½d.	3d.	4d.
(D.)	In 1800 - - - - -	148,112	198,361	104,248
(E.)	1801 - - - - -	245,673	147,211	65,201
(F.)	1802 - - - - -	941,894	196,108	95,600
(G.)	1803 - - - - -	823,673	204,940	67,594
(H.)	1804 - - - - -	1,110,217	256,801	90,265

By the existing Law, all Notes under three Guineas may be issued on a 1½d. Stamp—under £. 10 on a 3d. Stamp—under £. 50 on a 4d. Stamp—whence a judgment may be formed of the increase of Paper Circulation; and Your Committee

Committee remark with concern the great inattention which has allowed Silver Notes to get into circulation without having paid the Stamp Duties. The loss of Revenue forms no part of the Inquiry before them; but the omission of that salutary check must have tended to encourage the over-abundant issue, which has caused the depreciation of Paper in general, enhancing thereby the price of the necessities of life, and of all manufactures, encouraging the circulation of base and counterfeited metal, and driving out of circulation what little good Silver had been in it; and above all, keeping up high and unexampled Rates of Exchange against the Kingdom, unwarranted in their height and continuance by any other great or adequate cause than that depreciation which such an extravagant issue had affixed.

It is to be further observed, that very few of those people had registered their firms as by law required; an abstract of which law, as also of the law respecting the issue of small notes, is annexed in the Appendix.

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(No. 14.
(a. b. c.)

To show the extent of the evil in this respect, which the Restriction promoted, Your Committee have annexed the best account they could procure of the number of Banks, and other houses, which have been invited by it to partake in the profit of issuing Notes and Tokens, amounting to above 200, but probably to a much larger number now; and they have added the detailed account of one district, to show the quality and low condition of the generality of the people who were thus encouraged to overwhelm an unfortunate country, with their Paper.

Appendix,
(N.)

Mr. Beresford, in his evidence, expresses his opinion, that the number of new country Bankers, who have started up since the Restriction, has made the Circulation of country Paper at least four times what it was.

Your Committee have not sufficient grounds to form any correct opinion as to the present amount of Issue by private Dublin Bankers. Mr. Colville seems to think the issue of all private Banks in Dublin and the country equal to that of the Bank of Ireland. Mr. Beresford does not think the issue of those in Dublin exceeds £.700,000. The practice of some of the great Army Agents in depositing with their private Bankers in Dublin, the Notes which they received from the Bank of Ireland, for payment of troops in the country; and sending in their place the Notes or Post-Bills of such Bankers, justly met the disapprobation of Government, and orders have been issued very lately for checking it. In further support of Mr. Colville's opinion, it must be also observed, that as the Restriction has made it necessary for every private Bank to keep a stock of Bank of Ireland Paper, equal, or nearly so, to what it would have otherwise deemed prudent to keep in Specie for paying its Notes, the facility of procuring that stock is increased by the increase of its quantity in the market; and although such part of that Paper as is employed in forming that stock may be said for the time to be locked up from circulation, yet it must be remembered, that all such stock gives room to and necessarily implies an issue of the private Banks Paper equal not only to it but to such further amount as Bankers in general may in prudence suffer their outstanding Notes to exceed their stock of Specie lying in their coffers.

Other causes might be assigned to support the supposition of there being too great an issue of Paper in Ireland; such as, the increased facility of borrowing on Discount—the practice of long Discounts out of all established mercantile courts, mentioned by Mr. Frank; but Your Committee deem it unnecessary to adduce them, being clearly of opinion, that the high Exchange is in itself a sufficient presumptive proof of a depreciation of Paper, and that this depreciation is in itself also a strong presumptive proof of an over quantity of Paper being in Circulation.

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Your Committee will therefore proceed to the smaller subordinate matters which have affected the rates, and particularly promoted the frequent fluctuations, of Exchange.

The first which attracts their attention is the mode adopted for bringing to Ireland the surplus of the money borrowed in England for the Irish Government, which is minutely detailed in the evidence of Mr. Paget and Mr. Crofton.

Your Committee do not mean to impute any blame to the conduct of the Irish Treasury, on the contrary, the directions given by the Commissioners thereof seem to have arisen from a just anxiety for the public benefit; but the nature and constitution of their office appears to be unfitted for executing the business of Exchange and Brokerage beneficially, even if their proper duties allowed them leisure for the purpose, and if the Law, commonly called the Responsibility Act, under which they are appointed, and the Address of the House of Commons to His Majesty on the Institution of the Bank, detailed in Mr. Crofton's examination, precluded their undertaking it. Mr. Crofton shows that they did not enter upon the management of the receipt of that money as an object of Finance; he states their universal object to have been the regulating and steadying the Exchange, rather than deriving any great profits to the Exchequer; but their interference appears to have rendered it uneasy, and to have created fluctuations, even to 4 per cent.—their Drafts have been sold on 'Change at advanced prices—their regulations as to the amount or minimum of each Draft, left all persons wanting to remit any sum under £. 1,000 at first, and afterwards under £. 500, out of the range of being accommodated at the Treasury, and to buy at advanced prices from those who had got Drafts there—their endeavours to prevent partiality or preference seem to have been ineffectual; it is true, a book was ordered to be kept to take down the names of persons applying, but the same applied for were not entered; and although Mr. Crofton says such a book could be produced, Your Committee cannot avoid observing, that the Paper returned to their order does not purport to be a book or copy of a book, the entries in it begin only on 6th September 1803, and end on 15th November 1803, all written apparently at one time, and in one hand.

The number of days sight at which the Drafts were drawn varied from 3 to 21 days; for which variations sufficient motives have not been laid before Your Committee.

Mr. Roach gives his opinion, "that the system of the Treasury drawing on England has been prejudicial to the Exchange; and if any other mode could be adopted, it would have been better, he means, drawing by the Treasury at all. The system has held out some temptations to jobbing; numbers of people calling at the Treasury for Bills, while they drew, and retaining those Bills to job with afterwards, when the Treasury did not draw; the Exchange, generally, when the Treasury stop drawing, rises in a much greater proportion than it otherwise might; and that there has been much fluctuation in Exchange since the practice of the Treasury drawing commenced." This rise, which has gone in a few days even up to 4 per cent. is effected by those dealers in Exchange whom Mr. Frank considers as Speculators, "who make large purchases at the Treasury when they are drawing, with a view to sell again at a considerable advanced price on 'Change;' whose intervention is no way useful, and who necessarily create an artificial rate of Exchange highly injurious.

Mr. Paget's observation is very strong "that any attempt on the part of the Treasury to lower Exchange must necessarily prove either disadvantageous or abortive, particularly the latter, as Government can only draw as their occasions require, and their Funds in England will permit;" and respecting their power of preventing fluctuations, his words are, "that when the amount of Drafts drawn by the Treasury, and the short periods they were drawn in, is considered, to any impartial commercial man, knowing the Dublin Market, it will appear astonishing that the fluctuation was so little." Mr. Colville "does not hesitate,

to

to say that some regulations are necessary in order to put the drawings under a proper management ;" and it is worthy of observation, that although the Treasury drew upon London between the 3d March and 3d April 1804, for £585,060, yet the Exchange was not reduced lower than to 16½, and that only for 17 days of the month.

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Your Committee now proceed to the 3d and most important head of their Arrangement, the Remedies of the Evil; but first they wish to observe upon an opinion entertained by some of the witnesses, that the present high Exchange operates as a tax upon Absentees, and is in effect a bounty on export, and a discouragement to import. If the real Exchange were unfavourable to Ireland the opinion might have some foundation; but if it be, as it has been already suggested, in favour of Ireland, the Absentee who receives his Rents in Guinea has a gain instead of a loss on the remittance; a fact which is felt and acknowledged by all proprietors in those districts where rents are so paid. On the other hand, if the rates of the nominal Exchange against Ireland arise from the depreciation of the circulating Paper there, that depreciation must equally affect the resident and the absent proprietor; the difference is, that the Absentee fees the depreciation reduced to an item in his account, when the Paper is to be converted for him into the Currency of another country, but it operates on the Resident, by raising the price of every thing, and though he feels the effect, yet its operation is so blended with the price that it does not present itself offensively.

As to an Exchange founded on depreciation operating on exports and imports, Your Committee cannot express their sentiments in clearer terms than Mr. Borrowes uses, when he says, "that such an Exchange has not the smallest influence on the Trade of the Country, either by encouraging its exports or checking its imports, because in the case of exports the exporting merchants pay as much more as the depreciation for every article which the exporting merchants draw back in the Exchange, and which renders the Exchange nugatory upon Exports; and in the case of Imports, the importing merchants receive so much more as the depreciation amounts to, which prevents Irish Exchange acting as a restraint, and thereby an Exchange founded on a depreciated currency, stands upon principles totally different from an Exchange founded on a currency not depreciated."

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3.

THE great and effectual remedy to the high and fluctuating Rates of the Exchange, undoubtedly, would be the Repeal of the Restriction Act from whence all the evils have flowed; the common circulating medium being thereby restored, the rise of Exchange above Par would be limited to the expense of transporting Specie, and Paper being convertible into Gold its depreciation would be prevented. The expense and difficulty to which the Bank of Ireland and other Banks might be exposed, in the event of the Restriction being taken off, under the present circumstances of the Exchange, form however a strong argument against the sudden adoption of such a measure.

No other reason arising from commercial motives has suggested itself to Your Committee for its continuance in Ireland, more especially if the real Exchange be favourable, as they have already stated that it must be in their opinion; but as its continuance may be connected with political considerations, the discussion of which would involve Your Committee in a very extended and tedious Inquiry, they abstain from entering into the general expediency of removing or continuing the Restriction at the present time, or into any conjecture of the period when it may be expedient.

Such remedies, therefore, as may answer to give redress during its continuance, are next to be considered; and the great object of many of those which have been suggested, is the procuring a common circulating medium in the absence of Guineas.

With this view, a consolidation of the two Banks of England and Ireland has been proposed and supported with very plausible arguments by Mr. Borrowes; but its expediency seems rather problematical; and when the rapid advances which the Manufactures, Trade, and Agriculture of Ireland have made since the establishment of the Bank, and the great assistance which they have received from it, under the wise and liberal conduct of its Directors, are considered, Your Committee cannot recommend the putting those benefits to a hazard, even if the redress of a high Exchange could be ensured thereby: But, putting the hazard out of the question, the measure seems impracticable without the consent of both Banks, which the evidence shows very unlikely to be procured.

Other modes of obtaining a common medium, such as that of inducing or even compelling the Bank of Ireland to give Bank of England Notes in exchange for their own on demand, or to make their own exchangeable for them in London, or to give Bills of Exchange on London for them, have been suggested; and there is no doubt any of them would have the effect of rectifying the Exchange. The objection that has been made to this Proposal is the difficulty and expense to the Bank of Ireland which would attend the procuring a Fund in London on which to draw. On this Your Committee observe, generally, that neither the difficulty nor the expense attendant on this measure would be so great as that to which the Bank, by its constitution, is necessarily subject at all times when not protected by a restriction from performing its engagements; and that whatever funds the Bank formerly applied, or intend again to apply, on the removal of the Restriction, to provide for the difficulty and expense of obtaining a supply of Gold, might in the interim be applied to the procuring of English Bank Notes; the evidence of Mr. Winthrop points out the practicability of obtaining a sufficient supply of Bank of England Notes with such a fund; his expression is, that "the Bank of Ireland, or any person, may procure Bank Notes now to any extent if they will pay for them." But Mr. Mansfield's evidence so clearly shows the practical mode of carrying this measure into effect, that Your Committee cannot impress it too strongly upon the attention of the House; it shows, in the example of Scotland, how effectually a very small Sum, vigorously and wisely applied, did operate, and that Banks there did establish an adequate fund with ultimate advantage to themselves.

His Account states, that "there was, after the Peace of Versailles in 1763, an Exchange of 5 or 6 per cent. against Scotland with London, created by persons collecting Gold from the different Banks there, bringing it to London, and passing their Bills at Edinburgh for it, in order to put a profit into their own pockets by raising the Exchange. The two chartered Banks of Scotland seeing that this Exchange arose from artificial means, collected as much funds as they could to bring to London, and by drawing gradually at $\frac{1}{2}$ or 1 per cent. less than the others, reduced the Exchange to what they esteemed Par Bills of 40 days date;"—at which it has steadily continued ever since, unaffected by the failure of the Bank of Ayr; the convulsions to credit in general in 1792 and 1793; the failures in 1795; and the difficulties which caused the Restriction in 1797 in England, but which was not extended to the chartered Banks of Scotland; and all this notwithstanding the great presumption, that if an account of all pecuniary transactions between Scotland and England could be ascertained, it must have often happened that the balance was against the one country, or the other.

This fact gives great force to the arguments of those witnesses who propose that the Bank of Ireland should establish a credit for the like purpose in London; and

and the present peculiar situation of the Irish Finances not only points out a ready, but an adequate and effective fund, which at the same time that it gives to the Bank of Ireland every prospect of success which has attended the measures of the chartered Banks of Scotland, exempts it from all expense, risk, or difficulty which might attend it; for Your Committee must observe, that the Bank of Scotland undertook to provide this Fund at their own expense, but the Bank of Ireland has an opportunity of establishing it without expense to themselves; and further, it appears to have been suggested to the Banks of Scotland by their good sense and patriotism, to try the efficacy of a measure without precedent, while the Bank of Ireland has only to follow an example where success has been already demonstrated by experience.

Your Committee has stated, that the great Loan, and other smaller sums to be remitted this year from England to the Irish Government, amounts to £. 5,000,000 Irish; they have also shown that there is reason to believe the mode used by the Irish Treasury of bringing over the Loans from England has been prejudicial to the Exchange; and the whole weight of evidence goes to show it could be much more advantageously managed by the Bank of Ireland; they therefore recommend that immediate measures should be taken with the Bank of Ireland for the purpose, and for their establishing an effectual fund in London for drawing on, whereby they may gradually reduce the Exchange in the manner somewhat resembling that which was adopted by the Edinburgh Banks. If any argument should be thought necessary in aid of the strong practical example which Scotland affords, they would refer to the evidence of Mr. D'Olier, and of others, but particularly Mr. Irving, who states, "that if the Bank were to invest part of its capital in England, thereby furnishing a fund which would at all times give it the means of drawing, it would in such case have a control over Exchange operations, of such power as to enable it at all times to regulate the Exchange;" and he says again "that he would consider a Loan of 2, 3, or £. 4,000,000 in England for the use of the Government of Ireland, paid into the Bank of England, to be placed there to the credit of the Bank of Ireland, to operate to all intents and purposes as such Fund." Mr. Irving adds, "that the creation of such a fund in London might, and most probably would, be attended with considerable expense to the Bank, but the evil of the expense would be temporary, the good would be permanent to the Bank and to the public." This plan, he says, "would necessarily oblige the Bank of Ireland to be dealers in Exchange, which would be a new source of advantage that would more than compensate the additional risk and trouble." And Your Committee are inclined to think that the Union measure makes it expedient that they should deal so now, whatever might have been their interest or practice before; and that it is the duty of both Banks to endeavour, to the utmost of their power, to render the money dealings between the two countries as free from fluctuation, and at as steady a Par at all times as it is between Edinburgh or Liverpool and London; and they agree entirely with that gentleman in his opinion, "That a Bank, having an exclusive charter, exacts from its directors a two-fold duty, a duty to the proprietors and a duty to the public, which, operating together, would make the directors avoid sacrificing their duty towards the public to the interest of the proprietors." In this case however the interest of the proprietors of the Bank of Ireland and the Public seems to be the same; and there possibly and probably is another fund, which that joint interest might induce the directors to invest in the Bank of England, or use for the benefit of the Exchange, if they were legally empowered, namely, whatever surplus they have of Specie in their coffers, over and above what they are allowed by law to issue, or what a due consideration of the circumstances of Ireland might show it prudent or necessary for them to keep there. Of the amount of such

surplus Your Committee do not pretend to form any judgment; be it what it may, it is as useless both to the Bank and to the Public where it lies as if it were buried by them in the earth; but by being applied to free Exchange from the mischiefs which oppress it, it might be of essential service. If an unfavourable Exchange should even take the whole of such surplus out of the country, which is by no means to be supposed, a favourable Exchange, which would be the probable consequence, must soon bring it back again, and mean time it would not only operate beneficially, but might have the advantage of being at least as completely secured for the Irish Bank proprietors as it is now.

Another means of aiding the endeavours of the Bank in creating such a fund of credit in London occurs—the vesting the Government with power to issue Treasury Bills to the Bank, not to be made use of unless they should be found necessary to support that credit; and another and effectual resource still remains—their enlarging their Capital for the purpose; so that upon the whole of the Government Loans in England; the redundant Specie now locked up, the contingent and of Treasury Bills, and a power to the Bank of enlarging its Capital; Your Committee cannot entertain a doubt of the practicability of what they recommend, nor that it ought to have the sure effect of reducing Exchange to par. In case of such event they would also strongly urge the doing away the name of Exchange, and putting an end to its calculation, by equalizing the Monies of Account and Monies of Circulation in both countries, and the fixing the future interchange by Bills at a stated number of days, adequate to defray the expense of remitting at all times, so as fully to adopt the same practice which prevails between Edinburgh and London, and between Liverpool and London. In mentioning Liverpool (which is divided from Dublin only by the interposition of the Irish Channel) it is worthy of remark that Mr. Irving states “the separation of Ireland from Great Britain by the sea not to be an obstacle to the fixing an invariable Exchange between Dublin and London, because it seldom happens the variation of posts exceeds many days;” and Mr. Mansfield’s evidence deserves again to be recurred to, when he says, “that no inconvenience of any kind had resulted to Scotland from the system, except the temporary one of the Banks having to provide funds in London at the commencement of it; on the contrary he asserts it was productive of the greatest good.”

But all the benefits proposed by this mode of remedies would be of little avail, and of very limited duration, if it did not promise at the same time to cure the depreciation of Paper in Ireland by diminishing its over issue; a consequence which Your Committee are firmly persuaded must follow, the Bank of Ireland Notes being made convertible into Bank of England Notes, almost in the same manner as if the Restriction ceased, and they were convertible into Gold; for if the fund in London of the Irish Bank should be too injudiciously drawn on at any time, they must limit their issue of Notes to lessen the demand on that fund, their Notes would of course lose their depreciation, and become of equal value with the English Notes, into which they would be convertible, or in other words with Guineas, while English Notes shall be undepreciated; and Your Committee do in express terms declare their clear opinion, that it is incumbent on the Directors of the Bank of Ireland, and their indispensable duty, to limit their Paper at all times of an unfavourable Exchange during the continuance of the Restriction, exactly on the same principle as they would and must have done in case the Restriction did not exist; and that all the evils of a high and fluctuating Exchange must be imputable to them if they fail to do so. Your Committee have a proof of the effect which rendering Bank of England Notes procurable in Ireland would have upon the Exchange, by the great fall of it from Dublin on
London,

London, in the months of March, April and May 1797, when Government passed Bank of England Notes in Dublin; and this further benefit will attend the reduction of the quantity of their Paper, that it will operate as a preparative for more speedily removing the restriction on the Bank whenever other circumstances shall allow the measure to take place. Your Committee however do not wish to be understood as recommending the reduction of the Paper of the Bank of Ireland otherwise than cautiously and gradually.

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It may be material also to assist their endeavours by a diminution of the Issue of Paper from private Bankers and other dealers; to effect which much attention should be given to restrain the Paper of the country Banks, by a strict enforcement of the laws respecting the Registry of Bankers, and the full payment of Stamp Duties. It will also deserve consideration whether at a future time all Bankers whatever, except the Bank of Ireland, should not be prevented from issuing any Notes or Post Bills under £.10 or 10 Guineas, as Mr Rosch mentions; and as soon as a proper and sufficient Silver Currency is procured, it would seem expedient that the Issue of Silver Notes should be entirely suppressed.

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Before your Committee quit the subject of Exchange they wish to observe, that if their inquiries have failed in enabling them to propose any effectual remedy, still a remedy ought to be sought for by the wisdom of the House; for that a great country, now placed as Ireland is under the same Legislature with England, forming a constituent part of the United Empire equally as England, or any county in England does, its metropolis not so distant from London as any part of Scotland, Newcastle, Carlisle, or Durham, should labour in its pecuniary intercourse with England under a constant varying Exchange which the others are free from; that the intervention of a narrow sea, with regular daily packets and speedy means of mutual transport, should cause an encumbrance in the mutual Interchange of Money, which does not exist where the distance by land is greater, and the communication by Post not more frequent, nor more expeditious; that there should be no Exchange, or an Exchange commuted for a regular number of days between Edinburgh and Liverpool, and Bristol with London; and that an Exchange must exist, or is incapable of such communication between Ireland and London; and that the evils which this long Inquiry have investigated should be entirely without remedy, are positions so strange, that Your Committee cannot believe them to be founded in the common nature of things, and must impute to their own insufficient investigation or want of sagacity, the not having pointed out an adequate remedy, if they have failed to do so. They will only add, with respect to the money drawn from Ireland, that remittances to Absentees did exist before the Restriction to a considerable extent, without producing an Exchange constantly unfavourable; and that if the high rates of Exchange really operate as a tax on them, it does not appear politic or reasonable to continue any such tax with a view to encumber the resort of any Irish subject to the seat of Government, and to the deposit of his dearest resort of justice, more than that of any inhabitant of Scotland, or any county of England; and when it is considered, that, if in the natural order of things, undisturbed by such a measure as the Restriction on Specie, the remittances to Absentees, by causing a balance of pecuniary intercourse against Ireland, would force an export from thence wherewith to pay it, and restore the level, it may be fairly concluded, that the Absentees, by bringing over their money to England, force the manufacture or produce to follow them, which, but for their coming, they would necessarily have caused to be used at home; the only difference is, that the produce or manufactures which their incomes naturally promote would come to be consumed or used in England, in the stead of being consumed or used in Ireland; and thus the encouragement to the productive industry of Ireland may be said to operate in both cases, though certainly the

non-residence of men of fortune on their estates, is in many respects a great and lamentable misfortune to the country.—On the other side of the account, with regard to the temporary influx of money to Ireland, from Loans for Ireland in England, the temporary remittance of which has been said to operate as a set-off against the drain of the Absentees, much as they may occasionally tend towards rendering the Balance and of course the Exchange favourable, Your Committee cannot recommend them as desirable on that account. It should be remembered, that the relief they afford is temporary, while the drain of interest and charges which they create is permanent, and that the advantages which the great Loan of this year must produce to the Exchange, by its transmission ought not to supersede resorting also to a diminution of Paper as a means of permanently rectifying the Exchange. Their injurious effects go still farther: each Loan, by supplying a means of paying any balance of debt due to England, interrupts the natural effect of that debt, to force out export and check import, so as to allow the Money Accounts to right themselves, and produce the proper level; it also, by the same operation, encourages import, in providing a ready fund wherewith to pay for it; and it will appear from the papers before Your Committee, that the imports of Ireland increased during the last five years, (in each of which a considerable loan was made) compared with the five preceding years, at the average rate of £.1,422,000 the year, and the exports decreased during the same time, on a like average, in the sum of £.239,000 official value; while the average annual remittances for the Loans, including some small payments by Mr. Puget, during those last five years, was £.1,406,000. Your Committee feel with satisfaction that this view of the injurious effects of the Loans from England tends to dispel the gloomy prospect of the distressing and still more increased height of Exchange, when public circumstances shall allow the system of Ireland's raising the larger portion of her annual Supply by such Loans to be altered, the suppression of this system will then naturally tend to make her increase her exports and diminish her imports, and bring Exchange to Par.

Appendix,
No. 25.

The Specie and current Coin of Ireland remains to be considered. The Evidence very fully points out the miserable situation of the Silver Coinage, or rather of the base metal and notes and I. O. U.'s substituted in its place.

This evil is clearly to be traced to the unfavourable Exchange. The state of the Exchange naturally caused the Silver Currency of Ireland, so long as it was degraded only in the same degree with the Silver Currency of England, to transfer itself to this country, where it would pass for the same sum as English Silver Money. The place of the Irish Silver Coin so withdrawn was supplied in many parts of Ireland by Silver Notes; but in Dublin, where Notes of a very small description are not issuable, by an extremely base Silver Coin, which was privately fabricated in great quantities, and to which nothing but the want of any other medium capable of effecting small payments could have given Currency. Some impediment having arisen to the circulation of the very base Silver, the attention both of the Bank of Ireland and of the Government was called to this subject, and measures appear to have been taken in consequence of a communication with His Majesty's Privy Council for the Coinage and Issue, by the Bank of Ireland, of a considerable quantity of Dollars, at the price of six Shillings Irish per Dollar. These Irish Dollars contain the same quantity of Silver with those lately issued by the Bank of England at five Shillings British, and differ little in appearance, except in
having

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having the name and device of the Bank of Ireland in the place of those of the Bank of England.

Your Committee think it proper to call the attention of the House to the difference in value between the two kinds of Silver Currency thus introduced into the two countries. The Dollar of the Bank of England is very nearly equal in value to the 5*s.* for which it passes; the Dollar of the Bank of Ireland, if the Exchange were at Par, would be nearly equal in value to 5*s.* 5*d.* Irish. The additional 7*d.* for which it is made to pass, is a further and a nominal value, which it is obvious that it has been found necessary to give to it, in order thereby to secure the continuance of its circulation in Ireland, under the present circumstances of the Exchange; for if it had been exchangeable for 5*s.* and 5*d.* of the present Irish Paper, there would have been a profit on the exportation of it. Your Committee lament the necessity which has thus arisen for suffering the state of the Exchange, even in any case, to prescribe the value which shall be given to the current Money, instead of providing that the value of the current Money shall limit, as it ought ever to do, the fluctuations of the rate of Exchange.

It is to be observed, however, that the measure of issuing the Silver Currency in question, at the price of six Shillings, is not the Act of Government; that the Irish Dollars are not the legal or standard Coin of the kingdom, being deemed to be a mere token, the name Token being inscribed upon them; that they are not Cash within the meaning of the Act of Parliament imposing the Restriction; and above all, that they are resorted to only as a temporary expedient.

Your Committee have been led to enter into these particulars by a wish to point out the temptation to increase the nominal value of the current Coin to which a country is subjected under the present circumstances of Ireland, and also by an anxiety to assert the principle, that no depreciation, either of the chief or even of the inferior Coins of these kingdoms, ought to be looked forward to as the means of remedying the evils resulting from a too extensive Issue of Paper, and from a consequently unfavourable Exchange; and they cannot conclude this branch of their subject without remarking that the state of the Silver Coinage of Ireland, and the circumstances which have attended it, form an additional argument in favour of those measures for rectifying and fixing the Exchange which they have recommended in the preceding part of this Report.

When the Exchange shall be reduced to its proper state, it appears to Your Committee that the 6*s.* Dollar ought to be called in at the expense of the Bank of Ireland.

The supply of Silver, which it is in contemplation to procure, consisting of Dollars only, without smaller change, is very short of the quantity supposed to be necessary; and the present distresses from want of Silver all over Ireland, if suffered to increase, or even continue, must add to the depreciation of Paper by increasing the quantity in the worst shapes, through the medium of small Bankers, and Shop-keepers with very inadequate capitals; on this subject it may be proper to remark, that the laws against the issuing of counterfeit or base Coin, as well as against the forging of Bankers Notes, requires to be amended and carried into more strict execution.

The Copper Coinage is so defective that it appears there is not a Mint half-penny in circulation; and if it shall be thought expedient to equalize the
a. E. Currency,

Currency, by making the Shillings contain only 12d. Your Committee submit the advantage of doing so, if it could be accomplished with due regard to other circumstances, before a new Copper Coinage shall take place; and the making a Copper Penny, Halfpenny, and Farthing of England, equally current in Ireland as the Silver Shilling or Golden Guinea; and to abstain from coining any Copper with any separate device, or under any separate weight or description for Ireland.

Your Committee have annexed to this Report such further Papers and Abstracts as they have received, for the better information of the House.

Forming the
4th part
of the Appendix.

MINUTES OF EVIDENCE.

John Puget, Esq.
Walter Borrowes, Esq.
James Mansfield, Esq.
Jeremiah Harman, Esq.
John Finlay, Esq.
John Latouche, Esq.
Sir John Newport
Benjamin Wintthrop, Esq.
Robert Barnswall, Esq.
James Warre, Esq.

William Coningham, Esq.
John Irving, Esq.
James Crofton, Esq.
Thomas Thorpe Frank, Esq.
Jeremiah D'Olier, Esq.
John Roach, Esq.
William Colville, Esq.
John Claudius Beresford, Esq.
Robert Marshall, Esq.

Lune, 5^e die Martii 1804.

The Right Hon. JOHN FOSTER, in the Chair.

JOHN PUGET, Esq;

Agent for the Governor and Company of the Bank of Ireland;
Called in, and Examined.

WHAT is the state of Exchange, and what has it been for the longest period you can make it up to, between Dublin and London?—I have extracted it from my own books from 1728 inclusive, all perfect, except for the year 1732, up to 31st December last. The present Exchange is now 18½ in London; in Dublin 17½ to 17½, by this day's letters.

How long ago is it, by your returns, since it was at par;—In August 1793 it was 8 per cent. in London, for one post day. In February, March, April, May, and June, and part of July 1798, it was from 9 to 9½ per cent.

Has the rise been gradual since that time?—Sometimes higher and sometimes lower; never under 9 since that year. It went on rising till January 1800. During the year 1800 there was much variation in the Exchange, owing to Government (with a view to lower the Exchange if possible) having determined to exchange Irish Bank Notes at the Bank of England, at the rate of 9½ per cent. The total sum during 1800, so exchanged, was £1,190,000. The Exchange then gradually rose till July 1801; it was then 16; it afterwards varied, and was as low as 11 per cent. in November 1801. On two days in November it was at 10 per cent.; the Account in my hands is made up only to March 1803, it was then 14½; and from November 1801 to that period it was from 11½ up to 14½.

Has not the rise been pretty general since the restriction on the issue of Specie by the Bank?—It has.

Do you attribute that rise to the restriction?—In part; I should suppose the rise of Exchange arose from the balance of Debt being in favour of England; the restriction on the Bank of course debarred Ireland of the means of paying off that balance in Guinea which the Bank of Ireland since its institution in 1780 afforded them. As a matter of opinion I should suppose that the money paid to Absentees was about £2,000,000 in the year 1803, and I form my calculation from having examined what passed through my hands directly and indirectly from the 1st January 1803 to the 31st December 1803, and the amount was between 8 and £. 900,000; but it will be unfair to presume that that sum will continue to be so large, as much of it for the circumstances of the times was sent over to be invested in the funds. The grounds I took respecting the calculation of £. 2,000,000, were these, that, independent of my private correspondence, I could calculate what part of the Treasury Drafts drawn on me were for Absentee Accounts.

Mr. Puget.

Appendix (A)

Mr. Paget.

Do you consider that £.2,000,000 is a greater or less sum than has been annually remitted on account of Absentees for the last four years?—Greater, though not considerably; but considerably greater than before the Rebellion.

Is it not a reasonable supposition that other remittances, through other hands, amounted to the difference between what you state and the £.2,000,000?—I think so. The payments in England, on account of the interests and loan charges, is between £.1,200,000, and £.1,300,000, to meet these and other demands, there is the Loan to Ireland, which was last year £.2,000,000, told the balance of trade, which appears to me from the Exchange not to be sufficient to meet the above demands, and I am led to think so, because the internal increased circulation of Irish Paper I cannot think to be the cause, because, on examining the Exchange of Hamburgh with this country, when the Bank of England in 1799 had £.14,000,000 of Bank Notes in circulation, the Hamburgh Exchange was 31-6. In 1800, when the Bank of England Notes were £.15,400,000, the Exchange was 30; and in 1803, when the Bank Notes were £.17,900,000, the Exchange rose in favour of England to 34-10, the par being considered to be 34-6 to 34-8, varying according to the price of Silver. It further appears to me that the cause of the high Exchange must be from a debt due from Ireland to England, and not from any connection with the internal circulation of the Irish Notes; because, when the Irish Treasury draws, exchange falls precisely the same as if Merchants in Dublin had to draw for an additional quantity of goods exported.

Do you suppose that any increase in the currency of a country has an effect upon its Exchange with other countries?—It is a question I do not feel myself competent to answer, but from referring to the above statement, respecting the circulation of Bank of England Notes, and the price of the Hamburgh Exchange, I should think not with respect to Paper.

Do you not suppose that the increased quantity of Notes in 1803, only supplied the place of Gold which was driven out of circulation?—I do not understand that any Gold was exported during 1803; and as for the sums which may be buried in England I have no data to go to.

Did not the increase of about £.2,000,000 of Bank of England Notes, which took place between 1800 and 1803, consist almost entirely of an increase of £.1. and £.2. Notes?—Yes.

Does the depreciation of the currency of a country tend to make its Exchange with other countries against itself, whether that currency consists in Guineas or Paper?—I come here more prepared to answer facts than questions of theory; and I do not feel myself competent to give an answer to that question.

If the Bank of Ireland upon the removal of the restriction in both countries was forced to pay in Specie, and the Exchange continued against Ireland, what do you conceive would be the effect of that measure upon the state of the Bank of Ireland?—While the balance of debt was against Ireland the Guineas would leave it, while one was left in the Bank.

Would there not be then a greater difficulty upon the Bank of Ireland to obtain Guineas than there now exists of their obtaining Bank of England Paper, supposing no restriction existed?—Certainly; it is easier to carry Paper than Gold, and the same means that persons have of paying for the Gold must be used to procure Bank of England Notes.

Was there any loss on the coming supplied by the Bank of England?—On the contrary; the practice of the Bank has been to purchase Gold at £.3 17s. 6d. the ounce, and the coinage price is £.3 17s. 10d. $\frac{1}{2}$, making $\frac{1}{4}$ per cent. profit for about three months, during which time the Bank is out of the use of its money; of course, whatever the price of Gold exceeded £.3 17s. 10d. $\frac{1}{2}$ was a loss to the Bank. The Mint charges are paid by the Public.

What was the expense of transmitting the money from England to Ireland?—seven shillings and sixpence per cent. carriage and insurance, to Holyhead; 2s. per cent. freight to Dublin, without any expense of insurance, or any other charge; but if insured, from 5s. to 7s. per cent.

What is the usual commission for sending the Gold?—My house charged to the Government and to the Bank of Ireland $\frac{1}{2}$ per cent.; but $\frac{1}{2}$ per cent. is sometimes charged on small accounts.

Has the great increase of Paper issued by the Bank of Ireland since the restriction given a great facility to private Banks in Ireland to increase the issue of their Paper?—I should think not to any great amount; because I do not apprehend that

Mr. Paget.

that the Bankers keep any excess of Bank of Ireland Paper by them, beyond what they from experience may have found sufficient to support the currency of their own Paper; nor do I think that the increase of the Bank of Ireland Paper is excessive; it must be recollected that the Bank of Ireland, in 1797, had been established only 13 years; and it is fair to conclude, that the longer they continue the more of their Paper will go into circulation, and they had to supply the vacuum in circulation by the Gold of the country being so much diminished; and most probably in course of time their Paper will be the only circulating Paper in Dublin, as it is with the Bank of England Paper in London.

Do you not conceive that the restriction on private Bankers in Ireland, preventing them from issuing any Notes payable to bearer under £.5. 5s. except silver Notes, which restriction was created subsequent to the general restriction Bill, must have operated to produce a considerable augmentation of the issue of Bank of Ireland Paper?—Certainly.

Do you conceive that if since the Bank restriction no other circumstances had occurred to affect the Exchange between Ireland and England, that the increase of the issue of the Bank of Ireland Notes would have affected it, and in what degree?—I should think not, because I cannot see how an increase of Bank of Ireland Papers, without a debt to England, should make a demand for Bills on London.

Do you not think that the increase in the issue of Bank of Ireland Notes would have a tendency to raise the nominal price in articles of consumption as exchanged for those Notes?—I do not feel myself competent to answer this Question satisfactorily, as with the present increase of Bank of England Notes articles of consumption have rather fallen than rose, as I believe.

Do you conceive that if the Bank of Ireland were compelled to pay in Bank of England Notes or Exchequer Bills, it would tend to lower the rate of Exchange?—It certainly would lower the rate of Exchange, and their property at the same time.

What do you conceive to be the objections to such a measure being adopted?—If the balance of debt should continue against Ireland, ultimately the ruin of the Bank, by its paying the whole loss of the Exchange of the country.

Supposing the increase of Irish Paper to augment the nominal price of Irish goods, would not the purchaser of a Bill on Ireland calculate the value of the Irish goods which the Paper would purchase, and be disposed to give less English money or Bank Notes for the Irish Paper, in consideration of the Irish Paper purchasing a smaller quantity of commodities?—The question is too complicated for me to answer without some consideration.

Does it appear that large sums lent into Ireland upon mortgages or other securities have been withdrawn since the time of the rebellion in 1798?—Not through my house, or to my knowledge.

Have you reason to believe that the English merchants, or others, have shortened the duration of their credits to Ireland?—Certainly not: the high rate of Exchange, as far as applies to myself, has tended to increase them, from the merchants and other persons delaying payments to us in the hopes of the Exchange falling.

Has any late reduction taken place in the credits given by the English merchants to their Irish correspondents?—Not with my house, and I do not understand that it has been practised by other English houses, who are more considerably concerned in the shipping trade than I am.

Do you conceive that the Bank of Ireland, being compelled to discount under the legal interest of the country, in the necessary fluctuations in the money markets, it must not enable private Bankers to issue their Paper to a great advantage in competition with such Bank?—As far as their credit went with the Bank, they, like other people, would be glad to borrow at £.5, and lend at £.6.

If the issue of the Bank of Ireland Notes was restrained, would not the issue of private Paper be substituted in its place?—I should think it would consequently follow; but gentlemen in Ireland are more competent to answer.

What is the usual mode of sending over into Ireland the money to be transmitted there on account of Loans or other payments to be made by the British Government?—When Exchange was below 7, as in 1797, Bank of England Notes were transmitted to the Treasury of Ireland, in part payment of the Loan, and were negotiated by them, I have understood, at 6 per cent. Exchange; and in that year, after the restriction on the Banks of England and Ireland, my house was under the necessity of purchasing Bullion through the Bank of England, and

Mr. Pögel.

sending it to the Tower to be coined; and if the necessities of the Government of Ireland required an advance during the delay of coinage, which was about three months, the Bank of England made them that advance as Exchange got up. The mode of transmitting the Loans was either by taking Bills in London on Dublin, and transmitting them to the Bank of Ireland; for account of the Treasury of Ireland, or by the Lords of the Treasury of Ireland drawing on my house: the mode of my house's reimbursements was by the Treasury of Ireland transmitting Bills on the Paymasters General of England, for the amount of the Installments as they became due; this practice of transmitting the Loans was deviated from in 1800, when at the instance of some merchants in England the Government was induced, with a view to lower the Exchange, which was then $13\frac{1}{2}$ to 14 per cent. to exchange Bank of Ireland Notes at 9½ per cent. for such part of the Installments of the Loan as became due to Ireland that year; there was accordingly exchanged in February 1800, £200,000; in April, £100,000; in May, £200,000; in June, £200,000; in August, £60,000; in Sept. £200,000; in Dec. £87,100; sterling: £490,000 of this money went to the Treasury of Ireland, and the remaining part was exchanged by Messrs. French and Boroowes. After that period it went on as usual by Remittances and Bills; from examining the Account, though the foregoing mode lowered the Exchange for the moment, it was found to be very partial in its operation, inasmuch that out of the £1,190,000 exchanged at the Bank two houses alone got £409,000; and with five other houses got £687,000 is exchanged. In transmitting the money to Ireland the continual directions I received from the Chancellor of the Exchequer was, not to attempt to raise the Exchange with a view to the benefit Government might derive from it, but to keep it as steady as possible.

Was there any loss to the Public on that Exchange?—Certainly there was, as it fixed an Exchange lower than the rate at many periods during that year; and it created much speculation on the Exchange, which was on the 30th Dec. 1800, 10½ per cent.; on Jan. 17th, 1801, 14 per cent.; on the 31st Jan. 1801, 12½ per cent. a speculation arising from the uncertainty of these payments continuing, besides that the mode adopted as to some of the payments almost precluded any bet merchants, or those connected with them, deriving any benefit from the measure, for the Bank of England did not directly exchange Irish Bank Notes for English Bank Notes, but gave a preference to those who brought in Irish Paper as a proportion of their payments on the English Loan; £10,000 of Irish Bank Notes, transmitted for the purpose of getting them exchanged at 9½, were taken by my house at the high Exchange, and transmitted to Government; I mean to be understood as having transmitted only the balance of the Loans, after deducting interests and other sums due in England for public services.

Is the practice of 1800, of changing Irish Bills in London, or the one adopted before and since, of the Irish Treasury drawing on London, most beneficial to the Revenue, and of most assistance to the course of Exchange?—The Treasury of Ireland drawing at the course of Exchange is certainly most beneficial to the revenue of Ireland, but the mode adopted in 1800 undoubtedly would more tend to keep the Exchange down; but unless the measure was a permanent one, that is unless the Bank of Ireland Notes were always exchangeable at the Bank of England, the measure would be, as I have before shown, partial in its operation; for it must be for a very inconsiderable amount that gentlemen passing from Ireland to England had or could avail themselves of it; for if notified as before, and due notice given of the times these installments would be taken in Irish Bank Notes, the merchants of England and Ireland would avail themselves to the extent of their powers in getting Irish Paper here, and taking care to be the first in demand upon the Bank till the whole sum to be exchanged was gone. In the year 1800 it sometimes did not last three days.

What is the price of Gold Bullion in the English Market?—There is very little there at present, but I believe at £4. 15. per ounce.

Have you heard of any considerable quantity of Gold having been sent from Ireland here, or from hence to Ireland lately?—None; notwithstanding the advantage of transmitting Gold from Ireland to England, if it could be procured without a premium. I do not believe our house has received 1,000 Guineas for the last three years.

Explain why you conceive holders of Guineas in any part of Ireland did not avail themselves of that advantage by sending the Guineas here?—Guineas being the internal circulation of the North of Ireland, the persons there are obliged to purchase

Mr. Puget.

purchase them at a premium, therefore the holders of them get that premium on the Bills of Exchange they take upon London at 7 or 8 per cent.

What do you conceive to be the cause which produces that premium in the North of Ireland upon those Guineas?—The scarcity of the Guineas, occasioned by the demands for them to transmit to England in consequence of the high Exchange, and, as I have understood, by their being hoarded.

Have you known Guineas purchased in this country?—At present I understand a per cent. has been given by persons for the purpose of having Gold by them in case of invasion.

At the present rate of Exchange what should be the premium given for Guineas?—8 or 9 per cent.

When in point of fact no Guineas come to England, is it not your opinion that the premium which Guineas bear in Ireland is for internal purposes of circulation, and not with a view to be exported for Exchange?—I am told the Colliers, going to Dublin, will only take Guineas, but I know of no other means of their coming out but to defray the expenses of travelling.

(*English repeated*).—I know of no other means, except for those two purposes.

What premium is given in Ireland for Bank of England Notes?—It depends upon the rate of Exchange; at the present rate 10 per Cent.

Are you aware of any difference between the premium given for Guineas in English Bank Notes?—None.

Have you known of any Guineas being sent from England to Ireland during the last four years?—Not that I know of.

Martis, 6^{te} die Martii 1804.

WALTER BORROWES, Esq;

Merchant, at Austin Friars, London;—Called in, and examined.

Mr. Borrowes.

WHAT is your opinion of the cause of the high Exchange between London and Dublin?—The withdrawing the common medium of circulation, by which I mean Guineas.

Is there any other cause?—Yes; the depreciation of Bank of Ireland Notes, which has been the only medium that has been substituted.

Does that depreciation arise from withdrawing the Guineas?—I think it does.

Does it arise from any other cause?—I think the local situation of Ireland contributes towards it.

What do you mean by local?—I mean her not making a part of Great Britain; not having the same means of defence.

Do you mean her situation as being exposed to internal rebellion?—Certainly.

Do you think a disadvantageous balance of trade can be the cause of depreciation?—I do not.

Do you believe an excessive issue of Bank of Ireland Notes could be the cause?—I do not.

Do you believe there is an excessive issue of those Notes?—I do not.

Is there any excessive issue of private Bankers Notes in Ireland?—I am not well acquainted with the private issue of Bankers Notes in Ireland.

Can you form any opinion?—As far as I have heard, there is an excess.

Do you mean country Bankers or Dublin Bankers, or both?—Country Bankers.

What, in your opinion, would be a remedy to remove the causes you have stated for the high Exchange?—I think restoring a common medium of circulation.

Do you think that Gold, the common medium of circulation, could be restored now, with safety, to Ireland?—I should think not; I mean that the restriction on the Bank of Ireland could not be at present taken off with safety.

What other common circulating medium do you propose?—The only one I can think of would be the Notes of the Banks of England and Ireland consolidated.

Do you mean by consolidating the Banks that they should issue, when one Bank, separate Notes for Ireland, and separate Notes for England, or that they should issue Notes in one firm for the whole empire?—I mean there should be a Bank in each country, with power to issue Notes as now, in the currency of each country, but exchangeable in the other at 8 per cent. at all times.

Mr. Borrower.

As you mention two separate Banks, what is your Idea of consolidation?
—That the Bank in Ireland should be a branch of the united Bank.

Have you reasons you would wish to offer to show the uses, and the practicability of this proposed consolidation?—The uses I conceive to be, reforming the currency of Paper of Ireland, in case it should not be thought right to make the Notes so issued by each Bank to be exchangeable at the other at par; but if you wish to extend the use, and do away the Exchange, then the making them receivable at the other Bank would effect this object. I think the Currency and Exchange two distinct things and that the depreciation of the one and the high rate of the other, may have distinct remedies.

State those remedies?—I think the Bank in Ireland, so constituted, issuing Notes in Ireland, not exchangeable in London, would have the effect of curing their depreciation in Ireland, by adding to their security; and the Exchange in that case would be governed by the balance of debt, which would in a great degree have been got rid of by the additional security given to the Notes.

In that case, when the Notes were not exchangeable in England, what would be the common medium of paying an unfavourable balance of debt?—There would be no common medium that I know of; you stop short of making it a common medium, in as much as you prevent the Exchange of the Notes at either Bank indifferently at 8½ per Cent.

In that case what common medium would you propose?—I know of none; I think it perfectly hopeless, unless the restriction was taken off both Banks.

Such a limited consolidation then would not be a perfect remedy?—It would not, although it would tend to remove the whole of the depreciation, and the whole of the rise of Exchange, except such part as arises out of a balance of debt.

Provided Bills could be issued by either, or by a consolidated Bank, or a Committee of both Banks, payable in either country, with the limited capital and credit the Irish Bank possesses in case of an invasion of England, and a consequent run on the Bank of England, might not both Banks and each country suffer less materially?—I have no idea there could be any material inconvenience, so long as restraints should continue against the issue of Specie.

Explain the practicability of the consolidation you propose?—I have had very little opportunity of thinking on this part of the subject, not knowing the constitutions of the Banks; but looking at them as two corporations, with trusts and powers for public and private purposes, and I see no reason why a consolidation or partnership should not be formed between them, consistent with the general purposes for which they were constituted, and that the stock of the Bank of Ireland proprietors might be transferred to their credit in the Bank of England, so as to become Bank of England stock; and that the Bank of England should adopt all their engagements and get possession of all their assets; the business of Ireland would then be carried on by directors elected by the proprietors of the joint stock.

Which set of Directors would you propose to be subordinate to the other?—I would not prefer either, nor any subordination except what the proprietors might direct.

Do you know the opinion of the directors or proprietors of each Bank, as to the eligibility of this plan?—I know it would be for the interest of the Bank of Ireland Proprietors to accede to it; therefore I conclude their concurrence could easily be got. I have heard different opinions entertained by the Bank of England Directors on this subject, some approving of the plan, others disapproving of it. I believe the Bank of Ireland directors are against it. I have no idea of the opinion of the Bank of England proprietors on the subject.

Do you think it would have any effect disadvantageous to Great Britain?—I do not.

Has this proposal been submitted to a Court of Directors of the Banks of either Kingdom?—I never heard that it had.

Have you observed that the periods of the greatest alarm in Ireland have been those when the depreciation was the greatest, and the Exchange the most unfavourable?—I suppose the Question alludes to the Invasion in 1796, and the Rebellion in 1798. In 1796 the Bank of Ireland were paying in Specie, therefore there could not be any depreciation; and the Exchange was from the same cause, as well as the balance of debt being greatly in favour of Ireland, kept under par. In 1798, the Loan raised in England of £1,500,000 for the service of Ireland,

was

was remitted by the Administration in Bank of England Notes, which meetings currency not de-preciated, and an Exchange highly favourable, were negotiated at various rates of Exchange, not exceeding 6 per cent.; by which means the Paper of the Bank of Ireland was kept on a par with Specie at the time the Rebellion was at its greatest height, and close to Dublin; and these two moments of the greatest alarm to Dublin therefore passed without producing any effect either upon her Currency or Exchange.

Mr. Barrington.

Can you particularly state the periods of those remittances in Gold to Ireland?—I cannot state more particularly than from an extract from the Holyhead Mail Coach books; as follows.

ACCOUNT of GUINEAS sent to and received from IRELAND in the undermentioned Years.

	Sent to	Received from
1795	633,782	53,200
1796	579,000	29,430
1797	733,359	5,600
1798	684,180	—
1799	191,128	—
	2,821,649	1800 - - - 66,000
		1801 - - - 235,000
		— 389,130.

Extracted from the books of Mr. Jackson, a proprietor of the Holyhead Mail Coach, at Holyhead, being the Guinness which paid insurance from robbers and neglect, to the proprietors, and exclusive of such as did not pay such insurance.

Do you conceive the period immediately preceding the Rebellion to be a period of alarm?—I do.

Do you conceive that if it had not been for the measure adopted by Government alluded to, that the Exchange would have been more unfavourable to Ireland in 1798 than at the present time?—I do think that for a part of that period it would.

Do you believe that the excess you have described in the private Bank Paper of Ireland could have taken place if there had been no increased issue of the National Bank Notes?—I do not think that the issue of National Bank Notes affords in any manner the extension of the issue of private Bankers Notes: I think that the means of countries, like individuals, are limited, and if Ireland possesses a medium of one kind equal to her property, which is usually represented by a medium, that it is impossible for her to hold another; therefore, if possessed of Bank of Ireland Notes equal to this object, that there is no room for the issue of private Bankers Notes: and I do not think that the issue of Paper in Ireland is too great, because I think the property of Ireland buried under ground exceeds what is circulating in the shape of Paper, and that in fact she has two capitals.

Do you not think that a medium may represent more at one time than another?—I do, inasmuch as it is subject to depreciation.

Do you believe that 6 per cent. is the legal interest of Ireland?—Yes.

Do you believe that the Bank of Ireland is under the necessity of discounting at 5 per cent.?—By their charter they are precluded from taking a higher rate.

Have you heard that there are distinct treasuries in Ireland for the Board of Ordnance and Barrack Board; and that the payment of the Army and Yeomanry are intrusted to the Military agents?—I never heard there were Treasuries attached to those Boards, but I have heard there are agents for the payment of the Army and Yeomanry.

Can you form any opinion of the issues of a circulating medium necessary for the payment of those establishments?—I cannot.

Do you conceive it to be a million?—I do.

Do you think if Dublin private Bankers have acquired sufficient influence with the respective agents of such Military bodies, and the treasuries of such establishments to pay in their private Paper all claims upon such establishments, and to distribute through the kingdom all pay to such Military bodies, that it is weakness of credit in the national Bank, and not the superior activity of such Banks which pushes private Paper into circulation?—I think the credit of the Bank of Ireland ought to stand higher than the credit of any individual Bank, and that its Notes should be preferred in all payments; and therefore I think these bodies should be paid in the national Paper.

Mr. Borrowes.

Do you conceive that upon the whole the Paper-Currency of Ireland bears a greater proportion to its wealth and trade than it did for some years previous to the Bank Restriction?—Making an allowance for the quantity of Gold withdrawn from circulation, from being locked up, and otherways, I do not think it bears a greater proportion.

Have you any means of knowing, with any degree of certainty, that the circulating medium of Ireland is not excessive?—I have no certain means; but when I recollect the quantity of Guinness which went to that country, and have no knowledge of any large proportion of them coming back, I do not think the Paper exceeds in amount the ordinary proportion which Paper bore to Gold.

Do you mean with reference to the Gold that is buried?—I do, as well as to other Gold.

Do you conceive that the quantity of Paper which it is proper to issue depends on the quantity either of Gold which is buried, or Gold which is in circulation?—I do not.

Do you conceive that the augmentation of the quantity of circulating medium of a country tends to produce a depreciation of it?—I think it does, when pushed beyond the means of the country.

Do you not conceive that an extremely bad state of the Exchange is an indication of such depreciation?—I think it is an indication of it, though not a certain proof of it.

Do you conceive that the depreciation of the Irish Paper arises from a want of confidence in it?—I do.

Do you mean by want of confidence, a doubt whether the Banks which issue it are ultimately solvent?—I do not; I am perfectly satisfied that nobody questions the solvency of the Bank of Ireland, or the judicious administration of it; and that it arises solely from political causes, external as well as internal.

Do you mean by want of confidence, a doubt whether the Irish Paper may not become extinguished in consequence of convulsions in that Country?—I mean a doubt whether the Bank may not suffer materially from the effects of invasion, or rebellion, in its property.

Do you conceive that if the Bank of England were to guarantee the credit of the Paper of the Bank of Ireland, the value of the Bank of Ireland Paper would be raised?—I think it would, during a war between Great Britain and France.

Do you think, that if the Government were to guarantee the credit of it, the value of the Bank of Ireland Paper would be raised?—I think it would; by Government I mean Parliament.

Do you not conceive that if the Bank of Ireland were proprietors of a large sum in the British Funds the value of the Bank of Ireland Paper would be equally raised?—I do not think it would.

Would not the Government in that case be as much bound to sustain the credit of the Bank of Ireland to the extent of such property in the British Funds, as they would be found in the other case to sustain the general credit of the Bank?—I believe, as far as the property in the British Funds went, it would act as a partial guarantee, but it would have no further effect.

Might not then a considerable enlargement of the Capital of the Bank of Ireland, and the investment of such augmented capital in the British Funds, conduce, according to the principles you have stated, to raise the value of the Paper of the Bank of Ireland?—I think it would act as a larger but limited guarantee, and have no effect whatever on the property in Ireland not covered by such guarantee.

Would not all the debts of the Bank of Ireland necessarily be rendered more secure of payment, in every possible event, by means of such property in the Funds, or in other words be guaranteed by such property in the Funds?—I think that the engagements of the Bank of Ireland, so far as they were covered by this investment in the British Funds, would be rendered more secure, but no further.

Do you think the Irish Funds in which the British Capital is invested ultimately less secure than the British Funds?—I always conceived that the Irish Funds were adopted by this country by the Union, and stood on equal terms.

How then do you state that an investment of capital in the British Funds would confer any greater security than that in the Irish Funds?—It would not convey any greater security.

Whether in speaking to the Parliament being bound to maintain the property of the Bank of Ireland in the British Funds, you do not consider it equally bound

bound to maintain any property the Bank of Ireland may have in the Irish Funds? *Mr. Borrower.*
—I do.

Supposing the Bank of Ireland to enlarge its Capital materially, and to invest such enlarged part of its Capital in the Stock of the Bank of England, in the same manner as is done by some of the chartered Banks in Scotland, would not such property in Bank of England Stock give to them all the same credit which they could require by consolidation with the Bank of England?—It would to the extent of the investment.

How does your opinion of the advantage to be derived to the credit of the Irish Paper, by a consolidation with the Bank of England, conflict with your observation, that nobody doubts of the present credit and sufficiency of the Bank of Ireland?—I never meant to arraign the credit of the Bank of Ireland; but I did conceive, that from a local situation she must meet the effects of the contest with France before this country does, and my remarks went to that point, and not to any insufficiency of the Bank of Ireland.

Have you not meant to represent the depreciation of Irish Paper as resulting from a want of confidence in it, and not from an excess in its quantity?—I have represented it as a want of confidence in the Bank, arising solely from the political causes above mentioned, and not from any insufficiency in the Bank.

Do you not conceive, that in common intercourse, as operating on public confidence, a guarantee of the Bank of Ireland by Government would have greater effect than any investment of property in the Funds, either British or Irish, even though such guarantee were for the same limited sum as the investment?—I do not think it would, unless that Government gave them the use of their capital in addition to their guarantee.

You have stated the depreciation in value of the Irish Bank Notes to arise from an opinion entertained of the insecurity of the establishment under the particular circumstances of the country; does it not follow, that as the Bank increases or diminishes its issues the depreciation will vary in a certain degree?—I think not, because it is not a depreciation peculiar to this species of property, but attaches to every species of permanent property in the country, such as lands and houses, which are in their nature immovable, and which must share the danger to which the country may be exposed, which does not include transient perishable property, such as articles of commerce and manufacture, which are moveable, and therefore little exposed to any evil which may threaten the country, and therefore keep up their value, while the Bank Notes and immovable property sink.

Supposing the Irish Bank to have confined its issues to the sum invested in Irish Stock, whether the confidence of the Public in the ultimate security of those issues would not be greater than at present, when its issues are nearly three-fold greater than that sum?—No doubt it would.

Do you not conceive that it would be impossible to carry on the general traffic of the country when the medium of Gold has been withdrawn, if the Bank of Ireland were refrained from exceeding the amount of their Capital in their issues of Paper, especially when the private Bankers are bound to discharge their Notes in Bank of Ireland Paper?—I think it would be impossible.

Whether, according to the opinion before stated, you do not consider that the Bank Capital, invested in the Irish Funds, would be invested, in your view of the subject, on a security out of the country?—It would.

When you say the depreciation of the Irish Currency would be removed by consolidating the Banks of England and Ireland, do you mean that the current Paper of Ireland could be made to bear the same value as Gold?—I do not; I mean that it should be raised to a par with English Paper.

Would not the Exchange with England in that case be rectified?—I think it would, if you permitted the Exchange to take place at the Bank of England at 8½ per cent. and *vice versa*.

You have stated that the Guineas in Ireland, as well those in circulation as those concealed, bear in your judgment nearly their usual proportion to the circulating medium of the country; do you conceive the quantity of Gold in circulation, as contra-distinguished from that which is concealed, is equal in amount to what it was before the restriction on the Bank?—I do not think it is.

Do you conceive that the local demand for Guineas is diminished in the same proportion?—I do not.

What do you conceive must be the effects of a demand for Guineas continuing when the quantity in circulation is comparatively diminished from various causes?

Mr. Barrelet. — I think the increase of the demand must arise from increasing difficulties to Ireland; that a greater premium must be given in proportion to the demand.

What is the cause of Guineas being found in greater abundance in circulation in the North of Ireland than in any other part of the United Kingdom?—Because they never would submit to receive a Paper medium of circulation; and have insisted on Guineas, however disadvantageously procured; by that I mean the amount of the premium given for them.

If the premium paid for Guineas in the North of Ireland is the cause of carrying and keeping them there, do you consider such premium as any necessary proof or measure of a depreciation of Bank Paper?—I do; because the depreciation is precisely the price of the purchase of those Guineas.

May not such a premium on Guineas exist more particularly when the Bank is prevented issuing Guineas, or in times of alarm, independent of any defect of value in Bank Notes, arising from excessive issue, or any other circumstance affecting the credit of the Bank that issues them?—I do not think it can for internal purposes; but for external purposes, to assist to pay off a disadvantageous balance of trade, I think such extra premium beyond depreciation of currency may be given.

What premium have you known at any time given in England for Guineas?—2½ per cent.; never knew of higher.

Could Guineas in any considerable quantity be procured in London now at a premium of 2½ per cent.?—I do not think there could.

Do you conceive that when Guineas were obtained in London at a premium of 2½ per cent. that the Paper of the Bank of England was depreciated to that amount?—I think it was.

Supposing a merchant in London, obliged to make a particular payment in Guineas, found it necessary to give a higher premium for Guineas, would you deem that premium a proof and measure of the depreciation of English Bank Notes?—I would to the extent of such payment.

Have you not reason to know that every Linen merchant in the Northern countries in Ireland, and nearly all persons having payments to make within the same limits, are obliged to procure Guineas at whatever premium it is necessary to give to obtain the same, in order to transact their business?—I have understood so.

Would this premium be diminished by the Bank of Ireland diminishing its issues of Paper?—I do not think it would.

Explain, if this premium is not occasioned by the issues of the Bank of Ireland, why you consider the premium so given as a proof of the depreciation of their Paper?—I consider their Paper to suffer depreciation in common with all other property in the country, and not influenced by the quantity within what may be deemed a fair proportion for the Gold in the country.

Do you conceive that the danger of Ireland has been greater during the last year than it was in 1798?—I do not.

If the property generally in Ireland, including Bank Paper, has been depreciated in consequence of the danger of the country, how comes the depreciation to be greater now than when the country was in greater danger?—The support given to the Currency of Ireland in 1798 by the English Administration at that time, was such as to render it impossible that there should by any depreciation; the Loan of 1797 of £1,500,000 was remitted to Ireland in that year and the following, in Bank of England Notes, which were exchanged there for Bank of Ireland Notes at the course then going, which was at or under 6 per cent.; the Loan exceeding in point of amount the whole issues of the Bank of Ireland at that time, was a complete cover to it, and by the facility which was experienced of exchanging Bank of Ireland Notes in the first instance for Bank of England Notes, and ultimately for Guineas, rendered the Bank of Ireland Notes to be on a par with Guineas, and made it impossible for the rebellion, or any other dissipation circumstances, to make any depreciation in the Currency of Ireland.

Mercurii, 7^a die Martii 1804.

WALTER BORROWES, Esq. again Examined.

HAVE any circumstances lately occurred which have tended to prevent the introduction of Gold purchased in the markets of Europe from being brought into Ireland in the shape of Coin in the ordinary manner, and at the accustomed expense?—There have. Mr. Borrowes.

State the reasons?—I think that the restraint on the payment of Gold at the Bank of England, and the tendency to hoard money in this country, prevents its coming from Great Britain; and that the state of Exchange between Great Britain and the Continent, which is unfavourable in a small degree to Great Britain, prevents its coming from the Continent.

Did you ever know at any time of there being a Bullion market in Ireland?—I never heard there was, but am not qualified to speak with certainty.

Are all the foreign Exchanges of Ireland transacted through London?—They are.

Is there any Coinage in Ireland?—I never heard of any.

If the most manufacturing districts of England, to the extent of the 4th of the kingdom, would take nothing but Gold in payment at this period, what effect do you think it would produce on the demand for Gold in other parts of the Island, and what augmentation of the premium given for it in exchange for Paper?—I think by increasing the demand for Gold it would increase the premium, and consequently a depreciation of Paper, just in the proportion and extent that the demand went, supposing the restraint to exist on the Bank.

What is the value of Bank Stock now in Ireland and in England?—The last price which I heard for Bank of Ireland Stock in Dublin was 145½, and the last for Bank of England Stock was 156. The Irish Dividends 7½, and the English 7.

Do you know what was the Exchange between England and Ireland in 1800?—10½ to 12 per cent. was the Exchange here upon Dublin.

Do you know that any great and material inconvenience followed that exercise of Government which affected the Exchange in the year 1800, by taking Irish Bank Notes at 9½?—It was in 1799 there was a tendency in the Exchange to rise equivalent to the depreciation of the Bank of Ireland Notes, which induced the merchants in the Irish trade in London to meet, and afterwards to wait on the Chancellor of the Exchequer (Mr. Pitt) to represent to him the difficulties which were growing in the commercial intercourse between Great Britain and Ireland in consequence of the high Exchange, and to entreat that some measure should be adopted to lessen it, if not remove it altogether. Mr. Pitt in consequence agreed that an installment on the Loan then depending, which had been raised in Great Britain for the service of Ireland, should be received at the Bank of England in Bank of Ireland Notes, at the Exchange of 9½ per cent. which had the effect of lowering the then Exchange very considerably and proportionably, taking off the depreciation on the Bank Notes of Ireland, and the Exchange at Dublin was immediately reduced to that rate, or nearly so, and all the remittances out of Ireland, whether for payment of imports, or of rents to Absentees, or for remittances to the Bank of England, passed over at this Exchange, and continued to do so, so long as the Exchange of Bank of Ireland Notes continued at the Bank of England; and this principle was supported throughout the whole of the Loans of that Administration, and even a Loan for the service of Ireland, taken by an Irish house here in that Administration (1800) was taken in at the Bank of England at the same rate of Exchange, to the extent of about £.200,000, and that about £.900,000 was passed at the same rate in Dublin, under an expectation that when the interest of that Loan came to be remitted back, Government would take care that it should be done on equal terms of Exchange. In the next Administration (1801) similar applications were made to Mr. Addington to take in his Loans for Ireland at the Bank of England at the same rate of Exchange, which were refused, as the profits of Exchange were thought deserving the attention of Government; and since that time no assistance has been afforded to the Currency of Ireland, or to the rate of Exchange, by the transmutation of Loans, more than their intrinsic weight carried with them.

Explain the words last made use of, "that the profits of Exchange were thought deserving the attention of Government," and on what communication

Mr. Borrower. from Government that assertion is grounded?—I mean that they were remitted over on a more advantageous footing to Government in one way than the other; and that this was communicated to us in one of our meetings upon this occasion, with Mr. Addington, or Mr. Corry, I don't recollect which.

Whether such communication, if any such was made, was unaccompanied with any other reason for not complying with the proposal of the merchants?—I do not recollect there was any other reason given.

Explain the words, "that since that time no assistance has been afforded to the Currency of Ireland, or to the rate of Exchange, by the transmission of Loans, more than their intrinsic weight carried with them?"—I mean that Government since that time have not fixed any low rate of Exchange to carry over their Loans.

What was the rate of Exchange before the measure was adopted in 1800, of taking Irish Notes at the Bank of England?—The highest rate I recollect is 14½.

If there was a difference of ¼ per cent. or any other difference between the real Exchange and the 9½, at which the Irish Notes were taken at the Bank of England, where did the loss fall, so far as respects the amount Government was concerned in?—I suppose the loss fell in the first instance upon the Irish Government, by having a less sum to bring to the credit of the Loan Account, but that loss afterwards was recovered by the improvement made upon the Currency of Ireland, which was exactly in proportion with the reduction of the Exchange, or the loss in the first instance.

In the transaction mentioned, of sending in 1797 Bank of England Notes to the amount of £1,500,000, by which the Exchange was reduced, was there not a loss to the amount of the reduction, and where did it fall?—There was a loss in the first instance to Government, by having a less sum to bring to the credit of the Loan, but this loss was recovered by the improvement made upon the Currency of Ireland, which made the Bank of Ireland Notes in their hands so much more valuable; and in the next year, during the difficult trial of rebellion, almost at the gates of Dublin, prevented the smallest depreciation upon the Bank of Ireland Notes, and kept them at par with Specie, even after the restriction was laid on the Bank.

In your opinion, was not the loss sustained by Government, in consequence of these operations, amply compensated by advantages to Ireland?—It was, inasmuch as the sacrifice made in the Exchange was precisely the measure of advantage in the improvement of the currency of Bank of Ireland Notes.

In what manner did it benefit Ireland?—I consider Exchange to be the measure of value of one currency compared with another, and that by reducing the Exchange you approximate in value those currencies, and reduce depreciation.

Do you consider the fluctuation in Exchange as an evil to the countries in which it takes place?—I do not, where there is only a balance of trade to produce that fluctuation; but if it arises from a depreciation of currency I consider it as injurious as an uncertain measure or weight would be, I mean an uncertain bushel or pound, and that is the bane of commerce and of confidence.

Do you not consider the operation you have described as having caused the fluctuations in 1800 and 1801?—I think it had a tendency that way, but it was not adequate to produce the whole effect.

Would you consider it as an eligible object for Administration to enter into the market for any other commodities than Bills of Exchange, for the purpose of raising or lowering the market for such commodities?—I think if Administration confined themselves in the market to one channel of purchase, and kept down competition arising from their own purchases, there could be no objection to it; if for speculative purposes, I think it would be improper.

At the time the Notes were received at 9½ per cent. what was the rate of Exchange of London on Dublin?—I believe it was here 10½; but I am certain as to Dublin, that when the house of Bogle, French, and Co. were taking in Bank of Ireland Notes here for the Loan of 1800, their agent in Dublin was drawing upon them to a much greater amount (at 9¼) than they were exchanging here at the Bank of England.

Why did your correspondent draw at that rate of Exchange from Ireland?
—Because

—Because we had agreed with Government to take in Bank of Ireland Notes *Mr. Bortolotti*, at 9½ for the English proportion of the Loan of £. 2,500,000, which was about £. 1,700,000 to be paid to the Treasury of Ireland.

Did the Exchange fall here at any time so low as 9½ during the above operations?—Not that I remember, it would have been under the standard if it had; because a Bill on Dublin at 21 days sight, which regulates the Exchange, would not have been so valuable as a Bank of Ireland Note.

If the restriction on the payment of Specie by the Banks of both countries were taken off, would it relieve the difficulties of Ireland as to currency and exchange?—Certainly.

Could it be taken off the Bank of Ireland without being taken off the Bank of England with safety?—I think it could not.

Can you assign any reasons?—Because Specie being at premium in both countries, even if the Bank of Ireland had sufficient to answer its own circulation, the wants of England would extend to it and bring over the Specie.

Are you of opinion that the restriction could be safely taken off the Bank of England?—I think not.

The other remedy you proposed being Paper, as Gold could not be had for a common circulating medium, and a consolidation of the Banks being the means in your opinion of procuring a common Paper between the kingdoms, exchangeable in either country, do you think that would be any effectual remedy?—Yes, for Currency and Exchange.

Are the inconveniences which Ireland feels in respect of currency and exchange temporary?—Yes.

Should you think it wise to adopt perpetual means of consolidating the Banks to remove a temporary evil?—I think that the measure of consolidation would act favourably to Ireland during War, and that in Peace it could do no harm; and if unfortunate circumstances should again bring back a renewal of the existing evils, that it would prevent the ill effects now complained of from returning with them.

In case the two Banks should disapprove of the consolidation, does any thing else occur to you to alleviate or remove the evils?—I think, in such a circumstance, if a Loan, suppose of £. 3,000,000, was raised in London for Ireland, that the taking in of that Loan at the Bank of England in Bank of Ireland Notes, at any fixed rate of Exchange below the existing Exchange at the time, would reduce the Exchange on all operations between England and Ireland to that level, as long as Bank of Ireland Notes continued to be so received at the Bank of England, and assist the currency of Ireland in the same degree exactly as it assisted the Exchange.

Would not the sending of Bank of England Notes into Ireland have the same effect?—It would precisely, so long as those Notes arose from a Loan, or any demand which Ireland got upon England.

Does any mode occur to you wherein English Bank Notes could receive a currency in Ireland?—I know of no mode short of consolidation, so long as the medium continues unequal; I mean a Paper issuing on a security not residing in the country where it is circulated, and not having a currency established by Parliament.

Would the supposed Loan of £. 3,000,000 operate as a permanent remedy, or would the measure require to be repeated to produce permanently the favourable effects stated?—I have stated it to be an alleviation of the distress of Ireland, and not a permanent remedy; and I think the good effects would last so long as the Loan continued steadily to be taken in at the fixed rate of Exchange.

Do you conceive that by the operation alluded to the issue of Irish Bank Notes would be augmented?—I do not think it would materially. In the former Loans transmitted on this principle, the Bank of Ireland had an interest to enlarge their issue of Notes in order to bring them over, because these Notes were exchanged in the first instance for Bank of England Notes, which produced a quantity of Specie in return, and this Specie being paid into the Bank was a justification for an enlarged issue; but in the present circumstances, when the remittance of a Loan probably would not produce the remittance of a Guinea to Ireland, there could be no justification for an enlarged issue.

Do you conceive the quantity in Ireland would be diminished?—I do not, only during their absence as a remittance into England.

Do you not think that carrying English Bank Notes into Ireland would
18. diminish

Mr. Bouverie. diminish the quantity of Irish Bank Notes in circulation?—It would not, because the Currency is different, and nobody would take them but as a remittance to England.

Do you not conceive that either of these two remedies would produce, immediately on the expiration of their operations, the same, or a greater fluctuation in Exchange than was experienced in 1801?—I do not think they would, because they act solely as a remedy for existing evil, and cannot act as a cause upon the future state of those circumstances.

Is a high rate of Exchange, or a low one between the two kingdoms, most profitable to the dealers in Exchange?—The profits of Exchange arise from a certain position of the currency of another country which has been procured for the currency of this country, and which foreign currency being transmitted to the place it is payable at, can buy a greater sum of English currency than was paid for it; which difference, after deducting interest for the time the Bill drawn for the foreign currency has to run, and again interest for the time the Bill drawn for the English currency has to run, with a commission paid at the place where the foreign currency is paid, and postage, leaves a net profit on the transaction: Supposing the net profit to be any given sum, the per-centage is largest on the lowest Exchange.

Suppose £. 100 English to be transmitted to Ireland, and supposing the rate of Exchange to be 8 per cent. 10 per cent. or 15 per cent. which rate would give the Exchange dealer most profit?

Jovis, 8^a die Martii 1804.

JAMES MANSFIELD, Esq;

Banker in Edinburgh, of the Firm of Mansfield, Ramfey, and Co.

Examined,

Mr. Mansfield. IS there any Exchange between London and Edinburgh?—There has been for these last 25 years to my recollection, by drawing at 40 days.

How much per cent. do you estimate that to be?—The drawing at 40 days I estimate at $\frac{1}{2}$ per cent., or a little more.

Who pays for the Stamp?—The person who demands the Bill.

If a person having money in London wants to draw upon his correspondent, what premium has he for giving a Bill either to the Banks of Scotland, or the private Bankers there?—He can pass his Bills at 20 days, or at $\frac{1}{4}$ per cent.; the Bank or Bankers not paying for the Stamp, the drawer pays it.

Do you recollect any period when the Exchange was otherwise?—I do not recollect it; but I have heard it was after the Peace of Versailles; it was then at or about an Exchange of 5 or 6 per cent.; the cause of it arose, as I understand, from artificial means, by people collecting Gold from the different Banks, bringing it to London, and passing their Bills at Edinburgh for the same.

What was the object of carrying the Gold to London?—To raise the par of Exchange, and to put a profit into their own pockets by so doing.

How long did that last?—I cannot say how long, but for some considerable time; it began to alter some time about the year 1770; the two chartered Banks of Scotland seeing that this Exchange arose from artificial means, began to think of collecting as much funds as they could to bring to London of their own; those funds they lodged partly with the Bank of England, and partly with their own Bankers, and the Banks then began to reduce the par rate of Exchange gradually, by beginning at to perhaps $\frac{1}{4}$ per cent. or 1 per cent; less in drawing on London till they reduced it to what it has been since.

How did they replace this money that they drew for?—By getting all the manufacturers Bills which they must draw upon the correspondents in London for goods; also Army Bills, and Bills for gentlemen of fortune who had money in England.

Why were those Bills sold to the Banks in preference to others?—Because from the capital of the Banks they were enabled to get money from no where else; the other Bankers not being able to purchase them because they could not sell them again for a profit.

What was the nature of the currency of Scotland at that time?—The general circulation was Paper; at that time one of the Banks put into their Notes an optional

optional clause of paying them 6 months after sight; but I shall be able to give better information as to dates and circumstances on some subsequent day.

Mr. Mansfield.

Did the convulsion which happened in 1794 or 1793 to credit in general, produce any effects on the Exchange of Scotland?—It did not alter it in the smallest degree, nor did it when the restriction on the Bank of England took place in 1797.

Was there much distress felt in Scotland to the mercantile transactions during those two periods?—Very great in both, by the stoppage of the trade of all manufactures.

Were there many mercantile failures?—There were a great many, and would have been a great many more if the Exchequer Bills had not been issued in 1793.

Were great sums applied for and granted?—A good deal, especially at Glasgow.

Was the quantity of Bank and Bankers Notes in circulation at that time considerably diminished?—Those of the public Banks were not diminished at all; but the private Banks, from the pressure of the times, were obliged to diminish them greatly, and some of the private Banks were obliged to stop payment, and some never resumed it; the public Banks rather augmented their accommodation to the country.

At what period was the confidence and the circulation of the private Banks restored; and what was the state of the circulation in 1795?—Soon after the issue of Exchequer Bills took place confidence began to be restored; but the circulation was greater prior to the stoppages of 1793 than it came to be in 1795.

How was the comparative circulation, when the restriction of the Bank took place in 1797, with 1795?—The difference was very small; I speak as to the Bank of Scotland, of which I am a Director, not of the circulation in general; I think the circulation of the Bank of Scotland gives a criterion by which to judge of the general circulation of Scotland.

How is it at the present time compared with 1797?—It is less at present than it was 18 Months ago, but I am not at present enabled to state with respect to 1797.

JOHN PUGET, Esq; again Examined.

HAVE you heard the opinions delivered by Mr. Borrowes, particularly as to the consolidation of the two Banks?—I have; certainly the consolidation of the two Banks would make their Notes passible in both countries, and reduce the course of Exchange; but I conceive the measure almost impracticable; and certainly, if the consolidation took place, it might at periods prove very prejudicial to the commercial interests of Ireland; I should conceive no such consolidation could take place without the power of administration of the whole was placed in one court of Directors. If that court, supposing it be the court of Directors of the Bank of England, were to give a limited credit to Ireland, however liberal, it would not answer the effect of permanently lowering the Exchange, as by an unfavourable balance of debt the Notes from Ireland might come over so rapidly as to diminish the circulation required for Ireland; and I know of no method by which it could be replenished but from the Bank of England sending over more, or giving the directors of the Bank of Ireland power of issuing more Notes, as the Notes then already issued for Ireland should come into the Bank of England for payment. A limited credit might be detrimental to the interests of Ireland, as it would prevent the court of Directors of that country, let the necessities of Government or the merchants should want even temporary assistance beyond the credit given, from making any issue for the purpose. If the directors of the Bank of Ireland had the power of an unlimited issue, as the necessities of Ireland might require, it would be in truth giving them the same power as the court of Directors of England had. It has in the Examination before this Committee been frequently mentioned, that the directors in England had on several occasions limited their discounts, of course with a view to diminish their Notes in circulation should a consolidation take place; the reasons that induced them to limit their circulations would also lead them to give similar directions to the court of Directors in Ireland. The measure of diminishing their circulation here might be prudent and wise; but if the Banks were not connected, the same reasons might not prevail in Ireland, and the mercantile interest might feel themselves aggrieved in finding their discounts limited, or their currency reduced

Mr. Puget.

Mr. Paget.

without any necessity on their part; for instance, in 1797, when it has been stated that the Bank of England reduced the issue of their Paper, the directors of the Bank of Ireland were enabled by the then state of Exchange to import large sums of Guineas into Ireland, which by a consolidation of the Banks could not have been permitted by the court of Directors in England, as they naturally would have looked to the interest of the Bank in England, of which, under any form of consolidation, the Bank of Ireland could only be a branch.

Might not much of the Notes issued in or for Ireland, in case of such consolidation, come over to England, and remain in private circulation without the Court of Directors for England having any knowledge of it, in consequence of no demand being made upon them?—Certainly, as these Notes would be sent in payment of debts to all parts of Great Britain. If there was a power of an unlimited issue to the court of Directors in Ireland, any restrictions in England in the issues would prove futile, as there is much reason to believe persons, distressed for discounts in London, would send their Paper to Ireland, notwithstanding the charges to be discounted there, and thereby obtain the Bank of England Notes which were refused them in London. I have heard of another plan of the union of the Banks, which seems to me no further to differ from the consolidation than making it a joint instead of a single account; a third plan has been mentioned, of the Banks mutually paying each other's Notes; but upon a supposition that the high rate of Exchange is to be attributed to the balance of debt against Ireland, the Bank of Ireland Notes would be brought to the Bank of England in considerable sums, by which of course the Bank of Ireland would to such amount incur a debt with the Bank of England. The disadvantages of this measure to the Bank of Ireland would be, that they would be paying interest on their Notes in England, because it would be certainly fair to demand such interest for their Notes, given in Exchange for Irish Notes, as they would have been entitled to had they advanced those Notes on Exchequer Bills, or by discount; and this last measure, if it was ever intended that the Bank of Ireland should pay the Bank of England for such advances, it could only lower the Exchange for the moment of such Exchange of Notes continuing, because when the Bank of Ireland should be called on for payment of their debt, they must either go on 'Change and take Bills for such amount as would raise Exchange considerably more than any gradual demand of Bills, or they must send Guineas for the repayment of their debt out of their Bank; and they might as well make an open issue of Specie, independent of the Bank of England, as adopt this last mode of payment, and thus the whole loss of Exchange for the whole country would fall upon the Bank of Ireland; there may be other objections against the measure, such as the difficulty of proportioning the Specie between the two Banks. I beg this evidence to be understood as my individual opinion, and not that of the court of Directors in England. As to the plan of issuing part of their Notes for Ireland, and another part negotiable in England, it would be a considerable check to the object of lowering the Exchange, as it would reduce the holders of the Notes intended for Ireland to the necessity of sending them to Dublin to get them exchanged for those passable in England; for it is not reasonable to suppose that any country Banker would keep, as part of his store, Notes not serviceable to him in Ireland.

Suppose all money to be remitted to Ireland on the part of the English Government, whether for Loans or other causes, was to be sent to the Commissioners of the Treasury of Ireland, in British Bank Notes, to be by them immediately placed as they would, if it was Specie, in the Bank of Ireland, would any benefit, either to circulation or to Exchange in Ireland arise therefrom?—It would deprive the Treasury of the use of such sums for at least one month, which they now get by drawing their Bills at 20 days. If the Government of Ireland received from the Bank of Ireland the value of these Notes at par, of course the profit of Exchange would go to the Bank of Ireland, unless they chose to forego such an advantage, and give it to the merchants.

If they did do so, would it have any beneficial effect on the Exchange, more than the present mode?—Only for the moment that they negotiated on 'Change these Bank Notes, and then to the extent of such rate of Exchange as they should fix on.

Would it not throw the power of fixing the rate of Exchange on the Bank of Ireland?—Certainly, so far as it goes.

Is that more natural to a commercial country than leaving the power in the Treasury?—That depends very much upon the use each would make of it.

Which

Which do you think, the Treasury or the Bank of Ireland, most likely to consult the public interest in the regulation of Exchange, in preference to profit?—*Mr. Puget.* I do not know what the conduct of the Bank of Ireland would be, but the directions I have ever received in the conduct of the business of the Treasury has been not to press for the highest price, but to keep the Exchange as steady as possible.

Is it not the practice of the Treasury of Ireland to draw at a rate of Exchange below the Market Rate, with a view to prevent an exorbitant rate of Exchange?—Certainly, they always do draw at the lowest rate of the day, and sometimes under.

Sabbati, 10^a die Martii 1804.

JOHN PUGET, Esq; again Examined.

HAVE any means occurred to you for gradually lessening the amount of remittances from Ireland to Great Britain on account of the charges and interest of the Public Debt due in Great Britain?—None that should operate immediately; but the plan I have to lay before the Committee might ultimately be beneficial to Ireland.

[Same delivered in, and read]

Is a high or a low rate of Exchange most beneficial to the dealers in Exchange?—A low rate of Exchange: their profit consists in the difference of Exchange between Dublin and London, and not in the Rate of Exchange; the higher the Exchange is they have more commission and interest, and a larger sum to pay the Exchange on; the difference of Exchange between 108 and 118 is 2 per cent. per annum against the dealer, in its being 118, presuming he could turn his money 25 times in a year, which he ought to do, as by the following calculation:

Appendix (B)

			£.	s.	d.
The London Merchant remits					
£.100 English to Dublin, at 12 per cent. is	-	-	118	0	0
Deduct Charges in Dublin:	£.	s.	d.		
Commission at $\frac{1}{4}$ per cent. on £.118 is	-	0	5	10	$\frac{1}{2}$
24 days Interest - Ditto	-	0	7	9	$\frac{1}{2}$
			£.117	6	4 $\frac{1}{2}$ Irish.

The Dublin Merchant returns for the above remittance

			£.	s.	d.
£.117. 6 4. Irish, at 16 $\frac{1}{2}$, is	-	-	100	9	9
Deduct Charges in London:	£.	s.	d.		
Brokerage at 25 per cent. on £.100.	-	0	2	0	$\frac{1}{2}$
24 days Interest on £.100 9. 9.	-	0	6	6 $\frac{1}{2}$	$\frac{1}{2}$
			£.100.	1	2 $\frac{1}{2}$ English.

No charge for risk of Bills and Postage.

Suppose the merchant gets his returns in 10 days, and the difference of Exchange between London and Dublin is 1 $\frac{1}{2}$ per cent. (and a greater difference very seldom occurs) by the above calculation he does not make 2 $\frac{1}{2}$ per cent. for his money: For 10 days at 2 $\frac{1}{2}$ per cent. is 1s. 4 $\frac{1}{2}$ d.; and therefore in such cases it is to the merchant's disadvantage to have quick returns.

			£.	s.	d.
£.100 English, at 8 per cent. is	-	-	108	0	0
Deduct Charges in Dublin:	£.	s.	d.		
Commission on £.108 is	-	0	5	4 $\frac{1}{2}$	$\frac{1}{2}$
24 days Interest Ditto	-	0	7	1	$\frac{1}{2}$
			£.107	7	6 $\frac{1}{2}$ Irish.

Mr. Puget.

	£.	s.	d.
£.107. 7. 6 $\frac{1}{4}$ Irish, at 6 $\frac{1}{4}$ per cent is - - -	100	11	8 $\frac{1}{2}$
Deduct Charges in London, as above - - -	0	8	6 $\frac{1}{2}$
	£.100	3	1 $\frac{1}{2}$ English.

Yielding about 5 $\frac{1}{2}$ per cent. per annum for interest.

Should there by any chance be a difference of 14 per cent. in the Exchange, then at the rate of an Exchange of 18 per cent. the merchant would make an interest of about 10 per cent. per annum; and at the rate of 8 per cent. Exchange, about 14 per cent. per annum; but the competition among those dealing in Exchange prevents such difference continuing for more than one or two days.

All the above statements are upon the calculation of discounting the Bills in London and Dublin, for quick return; but when Exchange is 18, and the difference of the price between London and Dublin only 14, then it is the interest of the merchant to let the Bills run out, by which he will make about 44 per cent. per annum.

You say the profit arises from the difference of Exchange between the two countries; explain the meaning?—The difference in the price of Exchange between Dublin on London, and London on Dublin.

Does that difference increase or decrease according as Exchange rises?—It depends on circumstances, whether there are operations on one side or the other, the difference in general is from 1 per cent. to 14.

Whether the reduction in profit on the Exchange of 2 per cent. more or less, can tend to lessen the competition in the market for the purchase of Bills?—Certainly, unless the difference increases in proportion, which has not been the case of late years.

Is it the interest of the Exchange dealers, as their profits consist in the difference of Exchange, to keep it as high as they can in London, and as low as they can in Dublin?—Yes; but the competition between those who deal in Exchange will prevent an excessive rise on one side, or an excessive fall on the other.

JEREMIAH HARMAN, Esq; Merchant, examined.

Mr. Harman.

Are you aware of the object of Mr. Borrowes's observations and opinion given before this Committee?—I understand one of them to be the consolidation of the Banks of the two countries.

Do you apprehend that such consolidation would procure a common circulating medium between England and Ireland in the absence of Guineas?—As far as I have been able to consider it, it does not appear to me practicable, nor do I see how the object could be attained by it.

State the difficulties which occur to you of its practicability?—I am not enough informed of the plans, or they are not sufficiently digested to meet the question satisfactorily; but one of the difficulties which strikes me is, how the Bank of Ireland, or the branch of the united Bank there, are to obtain Notes any more than they can obtain Guineas now.

Could the Bank of Ireland obtain Guineas here if there was no restriction?—Certainly.

Is there no restriction now on Notes?—None.

What is the difficulty of their obtaining Notes?—I am not aware how they are to be paid for.

Would not the same difficulty exist with respect to Guineas?—Yes.

Supposing it practicable, do you conceive any use would attend the measure?—I do not, because the evil which it is intended to correct, would, I should fear, still remain.

What is the evil?—The high Exchange.

What is your opinion of the cause of the high Exchange between the two countries?—It appears to me to be the same cause which has always operated, and will continue to operate in the negotiations between any two countries, when the balance of debt is against the one of them.

In forming that balance do you reckon the balance of trade to form a part of the account?—Certainly, a part of it.

What other articles do you take in to calculate the balance of debt upon?—One

One very considerable item is the money remitted for Absentees, and other sums in the financial operations of the two countries. *Mr. Harango*

Do you imagine the want of Specie contributes to raise the Exchange?—I believe if there were Guineas here, or in Ireland, to supply the Exchange, the evil would be corrected. In other words, if the Banks were opened the Exchange, though it would be still subject to fluctuations, would fall to about its proper rate.

What are the circumstances which take the Exchange of Ireland out of its proper course?—the want of a common medium to pay the debt which Ireland owes.

Do you think any better mode than that now adopted with respect to financial concerns can be introduced between the two countries?—I do not know how to answer that general question.

Do you know that the Bank of Ireland Paper is depreciated?—I am not aware of it, because I should not say Paper was depreciated unless there was a forced issue of it, and that it was offered at a discount on all occasions. I should rather now say that Gold is increased in value than the Paper is depreciated.

When *2s.* is given in Ireland universally for the Exchange of a Bank of Ireland Guinea Note into Gold, do you not estimate that the Note is depreciated to the amount of *2s.*?—The distinction may seem nice, but Guineas are wanted in Ireland, chiefly for one purpose, the trade of the North, as I have understood; and as the transactions of the North are carried on by Guineas only I apprehend that is the cause.

Do you think if the trade of the North was not carried on in Guineas that the price of Guineas would be so high?—They certainly would not.

Do you think that the Exchange would be so unfavourable to Ireland if the trade of the North was not carried on in Guineas?—I think it would not.

Would the circumstance of the trade of the North not to be carried on in Guineas make any difference in the number of the drawers, compared to that of the remitters from Ireland?—I think it would make a difference.

Do you think Paper or Gold the most natural circulating medium?—I should think in all great transactions, where there is confidence, Paper without a doubt.

What difference would the circumstance of the trade of the North of Ireland, not being carried on in Guineas, produce upon the Exchange between Belfast and England?—Probably raise it.

If Guineas were now no longer to circulate in the North, from being all exported, or any other cause, would the rate of Exchange be lowered in consequence between Ireland and Great Britain generally?—No, I think not, because the evil would still remain, which I conceive to be the surplus of debt; those Guineas if exported, would certainly tend to lessen the evil as far as they would go.

Do you then think the present rate of Exchange to depend wholly on the balance of payments due to Great Britain, and not to be affected by any thing relating to the circulation of that country as it at present stands?—I am inclined to think that the circumstances alluded to are sufficient to produce the evil. I do not say there may not be other circumstances which may contribute towards it. I allude to the balance of debt which Ireland owes.

What are the other circumstances?—It is possible that the alarms of individuals may induce them to increase that balance by remittances, or to hoard Guineas.

Do you think that the want of a common medium between the two countries is any cause contributing towards the present high rate of Exchange?—I do. No other material circumstance occurs to me which contributes towards it.

Supposing any large district of Great Britain was to adopt Gold as its only circulating medium; and supposing also, Bank of England Notes were to pass as they now do at Par, would not a higher Exchange be given at Hambro', or any other Exchange in Europe, or in other words a greater value for Bills payable in Specie than for Bills payable in Bank of England Notes?—I do not think it would.

Supposing the Bank of England were to supply its Notes on the Exchange of Dublin at a rate below the present Exchange, would not such an operation be in fact a Loan made by the Bank of England to Ireland?—It might be called a Loan of the difference.

Mr. Harman.

Would not, by this operation, a debt accumulate from Ireland to the Bank of England gradually?—Beyond a doubt.

If this operation afforded a temporary relief to the Exchange would it not revert to its former rate when the Bank required payment of the Loan?—Certainly.

Do you not conceive that a too great issue of Bank Paper in Ireland may have been one of the causes which has contributed to raise the Exchange?—I am not aware there has been too great an issue of Paper there.

Supposing an extraordinary issue to have taken place, do you not conceive that it would have a tendency to raise the Exchange?—I should think it might.

Supposing the balance of debt to have been the cause of raising the Exchange, do you not conceive that a diminution of the Paper Circulation of Ireland may have a tendency to counteract the rise in the Exchange so produced?—If the opinion, that too great an issue of Bank Paper is one of the causes of the high rate of Exchange be well founded, the other must follow of course.

You have said, you do not think that there could be a depreciation of Paper unless there was a forced issue, and a discount on all occasions, explain what you mean by a forced issue?—I mean an attempt to issue more than the public are disposed or willing to take off.

Suppose, for example, the Bank of Ireland to issue Notes at an interest of 5 per cent. the current and legal rate of interest being 6 per cent. do you not conceive that demands would be made on the Bank of Ireland for discounts on the security of safe Bills of Exchange, which would be greater than the Bank of Ireland could grant, without so much enlarging its Paper as to create in it an excess which might affect the Exchange?—I should think while the legal rate of interest is 6 per cent. the Bank of Ireland would of course be called upon to discount at 5 per cent. to the amount of all the good Paper which could be procured.

Might not many Bills of Exchange also be created for the purpose of being discounted at this cheap Rate?—It would be a great temptation.

Might there not therefore be a very great excess in the quantity of Bank Paper, without any issue which could properly be said to be forced?—I think not, as I consider this operation as forced.

Supposing the legal Rate of Interest in Ireland to be 6 per. cent. and Money nevertheless to be deemed worth more than 6 per. cent. might there not be an excessive issue of Bank Paper, even, though the Bank should discount at 6 per cent?—No doubt that must depend on the discretion of the directors, and would apply equally in any other country.

Are not then the Bank Directors in Ireland under a temptation to issue Paper to an excess, supposing the rate of interest at which they discount to be less than the rate which money is deemed by the merchants to be worth?—Yes.

Do you mean to consider an instance of this kind as a forced issue?—To a certain degree; but that was not what I meant by a forced issue before.

What do you consider to be the best criterion of the depreciation of Paper currency, an alteration of its value compared with the general property of any country, or its alteration compared with a given article, *viz.* Guineas?—I think the first the best criterion, because Guineas may be wanted, as in the present case, for special purposes.

Supposing the issue of Paper not to be excessive in amount, or any cause to affect its credit not attaching to the property of the country generally, is there any reason why such Paper should be depreciated in value?—I know no well-founded reason.

May not many causes give a temporary and local value to Guineas, particularly when the Bank, the great medium of supply, is prohibited from issuing the same?—Many.

If then the value of Gold Coin may rise under circumstances not calculated to produce or justify any diminution of the value of Paper, is the difference in the apparent value between the Gold and the Paper any necessary proof of depreciation or loss of value in the Paper, either compared with its former value on the general property of the country?—I do not consider it any.

Supposing the difference in value now prevailing in Ireland to have arisen principally from an increase in the price or value of Guineas, and not from an excessive issue of Paper, what would be the effect in the circulation generally of that

country, if measures were taken to produce a diminution in the quantity of Paper now in circulation;—Taking for granted there is no excessive issue, it would it only add to the distress.

Mr. Harman.

Are there not many circumstances at present in operation satisfactorily to prove and explain that Guineas do at present, for the purposes of circulation in that country, bear an increased price?—Yes, there are.

Is there any distinct evidence of a diminution in the value of Bank of Ireland Paper, as compared with other property of the country, Guineas excepted?—Not that I have heard of.

Is there not a disposition in all countries exchanging with each other, regard being had to all the circumstances affecting the state of debts, &c. on each side, to build their calculations upon the common medium Gold, and if they receive payment in any other medium, to charge the difference, or a considerable proportion, of it between those two in addition to the Exchange as measured in Gold?—So much is that the case, that on some places, where the value of the Paper is depreciated, it is customary to draw Bills payable in effective (that is, not in Paper).

May not persons exchanging with Ireland, in their calculations untruly presume a diminution of value in the Paper to have arisen from excessive issue, and not sufficiently taken into their calculation, and consequently not allow for it the increased value which Guineas have there acquired?—I dare say it may be the case.

Under the present circumstances, would you describe the Exchange between Great Britain and Ireland to be in favour of Ireland, or the reverse?—I should think very much against Ireland.

Do you conceive an Exchange at 105 to be against Ireland?—I do not.

Is not that the present state of Exchange with the North?—I have understood so.

Do you suppose that the 105 there paid in Specie, does, in point of value from local circumstances, possess a greater value than its nominal amount?—I am not prepared to answer accurately; but I should think the premium paid for Guineas ought to be added to the rate of Exchange.

Did you ever hear of any Bills being drawn on Ireland payable in effective (that is, not in Paper) previous to the Restriction Bill, when the rate of Exchange was at times much above par?—No, nor since.

To what circumstance do you attribute the Exchange being more favourable to Belfast than any other part of Ireland?—To the circulation of Gold, and for which they must pay a premium, which must be added to the Exchange.

Would Gold sufficient for the use of any great manufacturing district in Great Britain, should the inhabitants of such district refuse the Paper as a circulating medium, be obtained, in your opinion, without some advance on the price of Guineas?—At this time clearly not.

Suppose that advance to be 1, 2, or 3 per cent. would not Bills payable in Gold be worth such advanced price over Bills paid in Bank of England Notes?—I conceive so.

Supposing the premium on Guineas, when exchanged for Paper, to result from a locally high price of Guineas, and not from a depreciated Paper, will not the amount of that premium be limited by the expense of bringing Gold from the nearest parts of the world, where there is a current market for it?—It ought to be, and I think it would.

What should you think the present expense of bringing Guineas to Ireland from the nearest part of the World, in which there is a current market for Gold?—I am not prepared to answer.

Is there not at present a difference between the value of Irish and English Bank Paper in Ireland?—For the purposes of remittance, certainly.

Do you not conceive that the fact of a premium existing on English Bank Notes in Ireland, and exchanged for Irish Bank Notes, affords some indication that it is Irish Paper which is depreciated, and not the price of Gold which is locally raised?—I do not.

Has not the practice of using Gold in the North of Ireland, as the medium of commerce, subsisted for a long time, or has there been some new practice in that respect, which has led to a new demand for Gold?—I have not heard of any new practice.

Supposing Gold coined and obtained by Ireland, would not the present price of

Mr. Harman. of Bullion take it out of circulation?—I think it would tend to it in some degree, but the Exchanges with foreign countries having lately become unfavourable, would go very far to correct that evil.

Do you think that dealers in Exchange are great gainers when the rate of Exchange is high or low?—I think, inasmuch as the charges would be heavier when the Exchange is high, the expenses being higher, they would be losers; but in other respects, the loss or gain depends on the difference between the two courses.

Does any palliative or temporary remedy occur to you which could lessen or remove the evils arising from the high rate of Exchange while the Act on the restriction on Gold continues?—I am not aware of any.

Does not the reduction of profit on the Exchange business, when the rate is high, tend to lessen the competition in the market for the purchase of Bills?—I do not think it does, as far as my experience goes.

JOHN FINLAY Esq, Banker at Dublin, examined.

Mr. Finlay. KNOWS the Bank of Ireland cannot take more than 5 per cent. on discount.

What has been the practice of your Bank respecting discounts since that institution?—Our house discounts at the same rate, and I believe it is the practice of all other Banks in Dublin, who issue Notes, to do the same, I speak only of good Paper in course, that is from 21 to 61 days, sometimes more or less.

Is that the current rate on discounts in Ireland?—I speak only to Dublin.

Is it customary for merchants to charge 5 or 6 per cent. on their accounts?—6 per cent. I believe.

Do the country Banks discount at 5 or 6 per cent.?—I understand 6 per cent.

Is money easily to be borrowed at 6 per cent. upon landed security in Ireland?—It depends on circumstances.

What Interest do Exchequer Bills bear in Ireland?—5 per cent.

WALTER BORROWES, Esq. again Examined.

What is the price of the 3½ per cents. and 5 per cents. in Ireland?—3½ per cents. 67½ with interest added from December 25th; 5 per cents. 90½ with interest from Michaelmas.

JOHN FINLAY, Esq.

Does not a Dublin Banker conceive he is conferring a favour rather than receiving one, when he lends money on Bills at 5 per cent?—I have not that feeling as a Banker; I am obliged to any one who comes to my shop with good Bills to discount.

JOHN LATOUCHE, Esq; a Member, present.

Informed the Committee that his house in Dublin does not issue Notes; and they discount at 6 per cent. on all transactions.

Another Member, Sir JOHN NEWPORT,

Informed the Committee, that their house do issue Notes, and that they discount at 6 per cent. in Waterford.

Martis, 13^o die Martii 1804.

BENJAMIN WINTHROP, Esq; Deputy Governor of the Bank of England—Examined.

Mr. Winthrop. HAVE you heard or read of the opinion of Mr. Borrowes respecting the consolidation of the Banks?—I have in part.

Do you not think that if the Paper of such consolidated Bank was to be current in each kingdom, that it would become a common circulating medium between the two?—I think not; the Bank of England never issues its Paper but for a valuable consideration, or what is esteemed to be such in the way of discounting Bills, and advancing on Exchequer Bills; the Bank of Ireland, or any person, may procure Bank Notes now to any extent, if they will pay for them, but unless they do pay for

for them, the Bank of England can never issue Bank Notes for the purpose of making a currency in Ireland.

Is not Gold a common circulating medium between the two countries?—I see no other than actual Money.

Can that actual Money be obtained without giving full value for it?—It cannot.

If it cannot, how is there more difficulty in obtaining Bank of England Notes than in obtaining Gold?—I conceive it easier to obtain Bank of England Notes than it is to obtain Gold.

If a sufficiency of Bank of England Notes could be obtained by Ireland would it not have the tendency of lowering the Exchange?—If they could pay for them, I conceive they would be like a Bill of Exchange on England, any person wanting to remit Money to England, would take those English Bank Notes perhaps in preference to Bills, as they are payable on demand, but I do not see how they could get there without being paid for.

Have you heard that Bank of England Notes in Ireland bear a premium? I do not know of it.

If they do bear a premium (which is the case, as has been stated to the Committee) equal to the price given for Guineas, would not they answer the purposes of remitting Money to England equally as Guineas would?—I should not call that giving a premium; I should call it Exchange.

If a premium of 10 per cent. was given to purchase Guineas should you call that a premium?—I should.

If Bank of England Notes are advertised in the Irish Newspapers to be sold, would you not call the price paid for them a premium?—It might be so called, but it would still come to the same end, whether you call it a Premium or Exchange.

If the Bank of England Notes were current in Ireland for the internal circulation of Ireland, would you in that case call them Bills of Exchange?—I should suppose it never could happen that a Bank of England Note should pass as currency in Ireland; if they were to be met with in Dublin, or any other part of Ireland, I should not consider them as currency, but as being similar to a Bill of Exchange payable at sight on London, which Bill of Exchange, however safe from the respectability of the parties, I conceive could never be conceived as the currency of the country.

Supposing there was one consolidated Bank for the two countries, would not the Notes of the Bank pass as current in each?—I believe not to any great extent; the reason of Paper passing as currency arises from the facility of turning that Paper into Money, and as that facility is much greater in the neighbourhood of the Bank, which issues Paper, this in my opinion accounts for the preference that is generally given even to the Paper of country Banks over those of the Bank of England throughout England, except in the vicinity of London; I should think the Bank of England Notes would never pass as currency in Ireland.

Is your opinion then, that there could not be a branch of the Bank of England established in Ireland, which could answer the purposes of Ireland so as to give a circulation of Paper there?—I am persuaded there could not; and whilst the Exchange is so much against Ireland, such Bank of England Notes, though attempted to be passed there, and to be substituted as currency, would immediately find their way over to England, and remitted by such as had occasion to remit to London.

Supposing the proposed plan of consolidating the two Banks was adopted, and a number of English Bank Notes to be issued in Ireland in exchange for Irish Bills of Exchange, which should be exactly equal to the number of Bank of Ireland Notes now circulating there, would not a considerable part of those English Bank Notes be transmitted to England as remittance for the sake of profit on the Exchange, would they not be withdrawn from circulation in Ireland so as to render that circulation proportionably less, and would not the Bank of England have to pay in London a sum equal to the Bank Notes so transmitted?—Whenever the Exchange is against Ireland, which is always the consequence of a balance against Ireland, such Notes being payable at par, would all come over to England.

Do you not mean that such a number of Notes would come over that would be sufficient to pay that unfavourable balance?—Supposing these Notes were to

Mr. Winthrop. come to England for payment, I am to suppose that the Bank of England has already been paid for those Notes, for, if not, Ireland would still be indebted in the same sum to England; if the Bank of England advances money on account of Ireland, she is indebted to England for the whole amount it pays.

Supposing the Bank of Ireland to make the Notes which it issues in Ireland payable in London, in English Bank Notes, and to be provided with funds in London for their payment, would not such obligations to pay Irish Bank Notes in London have the same effect as the proposed consolidation of the Banks?—I should rather suppose it would have the same effect, as the present Bank of Ireland keeps a cash account with the Bank of England, providing them with funds beforehand, and drawing upon the same as their demands required, which they may now do; but I do not see how that could tend to alter the Exchange.

What difficulty exists for using English Notes as a circulating medium between the two countries, which does not also apply to Guineas; both the one and the other bearing a higher value than Irish Notes?—The Guineas must be paid for, and the Bank of England Notes must also be paid for.

You are of opinion that no consolidation of the two Banks is practicable?—I am.

Are you not of opinion that if it were practicable it would be useful?—I think it would not be useful.

Is there any arrangement which could be made between the two Banks, that could be of use towards lowering or steadying the Exchange?—I think not; for the only cause I conceive of the high Exchange is owing to the necessity there appears of remitting a large general balance to England.

Do you think there can be any increase made in the Exchange by the conduct of persons who deal in remittances?—I believe not to any amount: I consider the Exchange between England and Ireland in a threefold view. First, as it has a reference to the balance of trade between Ireland and all the World; she having no other Exchange but through England, I am persuaded that the balance of trade is considerably in favour of Ireland; and that if there were no other demands on Ireland than what arose for commercial purposes, the Exchange must be in favour of Ireland; the next point of view in which I consider the Exchange, is with reference to the sum of money that is necessary to be remitted to England for the payment of the interest of that part of the National Debt of Ireland which is payable in London; what the exact amount of this is, and whether it would be sufficient to counteract the balance of the trade of Ireland, is a question I have not the means of answering: the third point of view is, as it refers to the large sums of money remitted to the nobility and gentry of Ireland residing in England, this I have understood to amount to £2,000,000; what the general balance is, I do not know, but if it amounts to any thing like this sum, or half this sum, it would fully account, in my opinion, for the high rate of Exchange; and with respect to the remittance of this money I conceive the high Exchange not to be the disease, but rather a symptom, and not an unfavourable one to Ireland, inasmuch as this high Exchange, as far as it operates, has a tendency to keep the money in Ireland; suppose the money to be remitted to Absentees to amount to £2,000,000, and that the Exchange is 10 per cent. above par, I conceive it certainly keeps £200,000 in Ireland, which I think is so far a benefit to the country; with respect to the high Exchange as it operates on the commerce of Ireland, I am persuaded that may be safely left to the merchants and traders of both kingdoms, and that, if they were consulted, they would give the same answer that the merchants in France gave to Monsieur Colbert, when he asked them, "If Government could do any thing to serve them?" their answer was, "The greatest favour they can do us is to let us alone." With respect to the second cause of the high Exchange, as it relates to the interest to be paid in England, that I think is a pure and unmixed evil towards Ireland.

How do you account for the payment of the interest due for the Irish National Debt producing the same effect as remittances to Absentees, seeing that one is sending money from Ireland to England, and the other merely detaining a part of the current Loan?—I conceive it to stand on the same ground, and that both are to be remitted from Ireland to England; if there is any new Loan from which the interest of the old Loan is to be deducted, that would be a detaining the interest; but I conceive, that while that practice goes on it tends very much to the detriment of Ireland, inasmuch as it creates a constant annual drain, after the money which has been borrowed has been spent.

Was

Was there any restriction on issuing Specie in France during M^{rs}. Colbert's administration, when he received the answer mentioned by you?—I understood there never was any Bank in Paris, or currency of Paper, attempted before Mr. Law's time. Mr. Winthrop.

After Banks have been instituted in a country, and have been restricted by law in their issue of Specie, do you consider all legislative interference with their proceedings to be dangerous or improper?—I never knew or have heard of any such restriction prior to 1797; I am very far from thinking that the interference of the legislature must be improper, when occasions call for such interference.

Is it not the practice of the Bank of England to limit its advances on Bills discounted to individuals below the amount applied for?—Very frequently.

Do you conceive that if the Bank of England, or any public Bank in any other country, granted discounts without limitation, even for all safe Bills, they might not incur a risk of increasing the currency of that country beyond the proper quantity?—That has been always my opinion during the time of restriction.

What do you conceive would be the effect of an excess of Paper currency, so produced, upon the Exchange between that country and foreign countries?—I am not aware of any, but upon further consideration of the question I might alter my opinion.

Would not such an excess in currency produce a rise in goods in their nominal price?—I think it most probably would.

Would not that rise prevent the exportation, without some compensation to the country where they were purchased?—The rise in the market price of any goods, I should conceive, has that natural tendency as far as it operates; and it is upon that ground that I conceive the high rate of Exchange with Ireland operates in the nature of a bounty on exports from Ireland.

Is it not probable that that compensation would be found in an increased rate of Exchange against the country from whence the goods were exported?—I believe, that Ireland exporting their goods under the high Exchange would very soon raise the price of their goods; otherwise the foreigners would have the goods cheaper; and in that case it would most probably increase the exports.

Is not the exchange of every country regulated by the price which the remitters of Bills on that country, payable in the current circulating medium of it, are willing to give to the drawers of them?—I conceive the exchange between countries to be regulated by the greater or less amount to be drawn for or remitted.

Does not every actual drawer imply a remitter?—There can be no drawer unless a remitter is found to take his Bill; but we may suppose the case of drawers offering their Bills to a very considerable amount when there are few remitters, in which case the business must either remain undone, or the offer of higher terms may produce remitters.

Will not the price which the actual remitters of Bills consent to give to the drawers depend on the quantity of goods which it is known by each party that the Bill will purchase in the country on which the Bill is drawn?—I think they do not carry their views so far; if there are more drawers than remitters the remitters will take the advantage, and *vice versa*.

Although the drawers and remitters should not themselves advert to the price of goods in the country on which the Bills are drawn, will not, nevertheless, the merchant in one country, in England for example, in calculating whether or not he should become a purchaser and an exporter of goods in Ireland, found his calculation in part on the current rate of Exchange; and having so purchased them and exported them, will he not be under the necessity of remitting Bills in payment?—I should conceive every prudent merchant, either in purchasing goods to export, or in ordering goods to be imported, will advert to the prices of goods, to the Exchange, to the charges attending the export and import, and to all other circumstances which can affect his interest.

Does not the rate of Exchange, at the present time, determine the English merchant to import Irish goods, inasmuch as there would be no profit on the importation if there were not an advantage in the exchange?—It may or may not; but he would take the rate of Exchange into consideration, together with the other circumstances above mentioned.

Is not then the existing rate of Exchange a cause of the present exports from Ireland?—It may or may not, according to circumstances: The high rate of Exchange,

Mr. Windrop. Exchange, as far as it operates, has a tendency to prevent importation; both which consequences of the present high Exchange operates in both instances in favour of Ireland.

Do you conceive that the balance of trade and balance of remittances invariably govern the rate of Exchange?—I conceive they naturally do.

The whole balance of account between the two kingdoms, previous to the restriction, never having induced a variation in Exchange to the present extent, during a course of 50 years, has the balance of account increased so greatly within the last 5 years as to justify a variation in Exchange to the amount of 10 per cent. above Par?—I conceive that it necessarily has done so, because the fact of the Exchange is so; I am confirmed in my opinion that the balance of the commerce of Ireland was considerably in favour of Ireland before the restriction, for if it were not so I should be wholly unable to account for the Exchange remaining nearly at par, when I take into consideration, that the remittances to Absentees have always been very considerable, and if there had been nothing to counteract the Exchange, with respect to such remittances, it could not possibly have remained so; I believe, there are now circumstances, and have been for some time since the restriction, that materially tend to increase the general balance due from Ireland; the remittances to Absentees of all denominations, I believe, are necessarily much more considerable than they were, which may partly be accounted for from the fears of invasion in Ireland, from the late rebellions, and other circumstances, which tend to show rather an unsettled state; and it has fallen within my own knowledge, that families, particularly the females and children, have removed to England, and must be supported there; besides what I mentioned before of the necessity for remittances to pay the interest of the debt, I am convinced the balance of trade has continued in favour of Ireland since the restriction.

If in point of fact it should appear that since the restriction the remittances to Ireland for loans have considerably exceeded the remittances to Ireland for payment of interest of debt, is not the increase of remittances for Absentees the sole cause to which the increased balance of accounts between the two countries is attributable?—I conceive the Exchange to be influenced only by the general balance of all accounts; and that the increased amount of remittances to the absentees might very probably account for the present high rate of Exchange, as making a part of the general account.

You have said, that the high Exchange, supposing at 10 per cent. occasions a saving of £ 200,000 a year to Ireland, on the remittances from Ireland on account of Absentees, supposing the amount of those remittances to be £ 2,000,000, how do you conceive that high Exchange to operate either for the benefit or to the loss of Ireland, in respect to the remittances to be made to England for the interest of the Irish debt in England, supposing it to be £ 1,300,000 annually?—I conceive it to operate to the loss of Ireland to the amount of £ 1,300,000, because Ireland must remit so much English money, and must pay the high rate of Exchange on such remittances, whereas the remittance to Absentees is for account of Ireland, and instead of remitting £ 2,000,000 so as that £ 2,000,000 should be received in London, there is a deduction, in the first instance, of the Exchange in Ireland, amounting to 10 per cent. above par, so that only £ 1,800,000 is received in England instead of £ 2,000,000; and the difference remains in Ireland.

The loans from Great Britain to Ireland annually made, answering for so far to diminish the necessary annual remittance from Ireland to England on account of the above interest and Absentees, what do you conceive will be the fund for Ireland to supply their amount when those loans shall cease?—Supposing there to be no loan of any one year, I should think the general balance would be in that year still further enhanced against Ireland, and that the Exchange (all circumstances remaining the same) might probably rise considerably higher. In short, the general balance to be paid or received always regulates the Exchange between England and Ireland.

When England has made large remittances to the Continent for Subsidies, have not such remittances always affected the Exchange, and have they not for a time overcome the effect of the favourable balance of trade, though operating in a different direction?—I think always.

Did not the extraordinary importation of Grain into England, during the scarcity of the years 1799 and 1800, occasion a great excess in the value of the imports from Hambro' over the exports from hence?—Undoubtedly.

Do

Do you not think that this extraordinary operation on the usual current of trade between these two places sufficient to account for the depreciation of the Exchange which prevailed during that period?—In a great measure it undoubtedly did; in one of those Years there was another cause which depreciated the Exchange, that was remittances for Subsidies.

Have you ever heard an estimate of the amount of the debt incurred by England for Grain imported from the Continent during the scarcity?—I have heard it amounted to a very considerable sum; it has been said £. 15,000,000, but I do not know the fact.

Supposing it to have amounted to £. 15,000,000, do you think, had the restriction of the Bank of England been taken off, that that amount would have been paid in Specie?—I believe not.

Mercurii, 14th die Martii 1804.

BENJAMIN WINTHROP, Esq; again Examined.

IS there any Exchange between York and London, or any part of England and London?—I have known an Exchange from Scotland of about 3 or 4 per cent. I do not know how it is now; I speak of 30 years ago, in the time of the Ayr Bank. I know of no restriction upon the issue of Specie, except upon the Banks of England and Ireland.

If there is no Exchange between any part of England and London, and Ireland is now made a part of the United Empire by the Union, what causes are there which are so peculiar to Ireland as to keep up an Exchange between Ireland and London?—Notwithstanding the Union there is a great distinction of country, the sea goes between them; they have a different Treasury, a different Bank, and an Exchange between the countries has always existed; though the Gold and Silver Coin are the same, the halfpence differ in the value of the Pound to the amount of 8 $\frac{1}{2}$ per cent.

Do you see any necessary causes for its differing from that 8 $\frac{1}{2}$ per cent?—The necessity of Ireland remitting large sums to England is the cause of the rise of Exchange.

Do you think the different Treasury and different Bank which you have mentioned, could be so arranged as not to affect the Exchange?—I think not, but that the Exchange is only influenced by the causes I have before mentioned.

In your opinion, could the restriction on the Bank of Ireland be removed while a similar restriction continues on the Bank of England?—Not with safety to the Bank of Ireland; for, if the Bank of Ireland was obliged to pay in Specie, whilst no Specie could be had from the Bank of England, not only Ireland would be supplied with Gold, but the demands from England would be sufficient to stop the Bank of Ireland in a very short time.

Suppose the Exchange to change in favour of Ireland, would that objection continue?—Not naturally to supply the demand of Ireland; but if anybody wanted Gold, which might answer the purposes of exportation, as being of greater value in weight than the coinage price, they might supply themselves by demanding it from the Bank of Ireland, as long as the Bank of Ireland had any left. With respect to Ireland, probably if the Bank was open there would be no more £. 1 and £. 2 Notes in currency; but still all the large payments might be made in Paper as heretofore.

Supposing the balance of debt in favour of Ireland by the Exchange being under par, would there be any demand for Gold to be exported from Ireland; or in other words, must not that Gold be paid for by Great Britain, if she takes it?—There would be no demand for Great Britain to pay any balance, because none would be due; but if England wanted Gold for the purpose of exporting from England to foreign countries, and that the price of Gold in England was higher than the coinage price, I think the Bank of Ireland would very soon feel a reduction in its cash.

Would not Gold, in such case, be considered as a commodity of trade exported by Ireland; and would it not be beneficial to Ireland, inasmuch as Ireland would receive more than the coinage price?—There might be a small profit, but the Bank of Ireland would soon be completely drained of it.

Do you think Ireland would be completely drained of it?—I think it is impossible to drain any country of so much of its Coin as is necessary to carry on

Mr. Winthrop.

its traffic, unless by the establishment of Banks, and the issue of the Paper of such Banks, made to answer as a substitute for Coin.

Does not the restriction of the Bank of Ireland tend to increase that Paper, and put it in the place of Coin?—By the substitution of Paper for Coin, I conceive it would tend to banish the Coin. When you lay a restriction on the Bank, after the Coin of a country has in a great measure disappeared, (for so it would do by the substitution of Bank Paper to answer all the purposes of Coin,) and whether the Bank was in possession of a great quantity of Coin or not, it might appear necessary for the Bank to issue a large quantity of Paper to answer the necessary purposes of traffic, great or small; but if the Paper was suppressed, I believe the Coin would return to such country, and in large quantities, if they were able to pay for it, either by exports, or other causes; for I believe it is only by the substitution of Paper, and making it answer all the purposes of Coin, that the Coin of any country is diminished almost to banishment.

If a country has Exchange in its favour, is not that an evidence that a balance of debt is due to it, and that of course it is able to pay for Gold to come into it?—I think it necessarily must be, that Gold would come in:

In a country so situated, could the removing the restriction on the Bank be attended with the inconveniences you have mentioned?—With very great inconvenience, if the restriction was suddenly taken off, and a competent space of time were not allowed to the Bank to enable it to face the effects of opening it.

If that competent time was to be allowed, would there be any objection to beginning the measure of taking off the restriction?—So far from it, that I think it ought to be an object constantly in the contemplation of the Legislature, as an event which would tend materially to the advantage of the kingdom. I speak this as applying to the Bank of England rather than to the Bank of Ireland.

Is the course of Exchange with foreign countries in favour of Great Britain?—I think it is.

Do you think it so readily in favour of England, that any measure might safely begin towards the gradual removal of the restriction?—I should think it would be better not to think of the removal of the restriction until Peace, for reasons that may result to the objects of the general policy of the country, of which I cannot pretend to form any judgment. I do not mean to make any allusion to the situation of the Bank of England.

At the time the restriction was imposed what was the rate of Exchange between England and Foreign countries, previous to it, from the commencement of the War, and subsequent?—In 1792, 1793, and 1794 the Exchange was in favour of England, and large sums in Bullion flowed in. In 1795, when it was removed that a Loan of £.6,000,000 was about to be made to the Emperor, the Exchange began to fall, and fell considerably in the course of that year, and as the Money was remitted, there were great drains from the Bank of England; but as we had large sums in Gold, which I believe is always the most favourable mode of remitting to a foreign country as long as the Money holds out, the Exchange did not fall near so low as it did a very few years after. In 1798, the Exchange on Hambro' had risen again from 37-6 to 38; but by the great scarcity of Coin, and the necessity of an importation to a very large amount, added to the remittances of foreign subsidies, the Exchange fell, and was in 1800 as low as 30-6 at one time, which is a difference of about 20 per cent. in the Exchange; and this corroborates to a demonstration, the opinion, that when large sums of Money are remitted from any country, whatever the occasions may be that demand such remittances, the Exchange must fall against that country; and as the restriction continued on the Bank at the latter periods, perhaps that circumstance, as little Money could be drawn from the Bank in large sums, might have contributed to the fall of Exchange. I should have observed, that after the restriction was laid the Exchange rose considerably, and very large sums of Money found their way into this country, and into the coffers of the Bank of England.

Are any remittances now made as subsidies to foreign powers?—Not that I know of.

Are any remittances to a great extent made for the purchase of Corn?—To no great extent.

Whether as these causes no longer exist which produced the restriction, do you know of any other circumstances which ought to continue it?—As the withdrawing the

the restriction would be an object of great magnitude, I should think a time of Peace is better to begin the consideration of it.

In case the restriction was to be removed here, do you see any reasons against removing it in Ireland at the same time?—I see none.

Mr. Winkrop.

Do you apprehend that any considerable difficulty, or any evil consequences would arise from suppressing the circulation of all Silver Notes, and all £. 1 Notes, both in England and Ireland at the end of twelve months, by the passing of an Act for that purpose, and in the same manner suppressing all £. 2 Notes at the end of two years?—Although I wish very much to see a general opening of the Banks, with a complete suppression of all Notes under £. 5, yet I think reasons may exist why it may be improper at this moment to make any alterations, or to suppress the £. 1 and £. 2 Notes of the Bank of England; but I think that immediately on a Peace it ought to be one of the first objects of the Legislature's consideration.

What are the objections to suppress the £. 1 and £. 2 Notes in the gradual manner proposed, taking it for granted that no further step shall be taken towards the removal of the restriction until the end of the War?—The inconvenience that would arise to the Public from having no means of procuring change of a £. 5 Note at the Bank of England, as the restriction of the payment in Cash would still continue, would be insupportable; for if the Bank of England was obliged to exchange its £. 5 Notes for Cash, it would be a complete opening.

If Paper, which supplies the place of Guineas, were suppressed, would not Guineas, being indispensably necessary for the transactions of the country, return into circulation to supply the place of the Paper suppressed, and would they not continue in circulation?—I believe they would.

Is not the Exchange between two countries generally limited by the price at which a pound of Bullion can be purchased in the circulating medium of the debtor country, and again converted into the circulating medium of the creditor country, together with the charges and insurance of transporting it from the debtor country to the creditor country?—If a debtor country could pay Money to a creditor country in Gold, I see no reason why the Exchange should turn against the debtor country as long as it can pay its debt in Gold.

Have you ever known the Exchange between any two countries to exceed considerably, for the period of a year, the rate at which this operation can be performed?—I have not.

When a sum of Hambro' currency, which will buy a pound of Bullion of given purity in the market of Hambro', can purchase a Bill for a sum of English currency, which will buy a pound of Bullion of the same standard in the English market, is not then the Exchange at par?—It is a question I do not know how to answer.

Is there any other test by which a true judgment can be formed of the par of Exchange?—I confess it does appear to be a complete par of Exchange.

As long as a sum of Hambro' currency, representing a pound of Bullion, can purchase a Bill for a sum of English currency, likewise representing a pound of Bullion, would you not deem Exchange at par, whatever might be the number of Pounds Sterling, or of Schellings in either sum?—If you purchase a Bill of Exchange in Hambro' on London, and you pay for that Bill of Exchange 100 oz. in Silver, and you receive in payment in London of such Bill 100 oz. of Silver, I should say the Exchange was at a par with respect to that transaction, but that is not what we Merchants understand by the par of Exchange; they generally understand a certain rate of Exchange fixed, which has respect to the Money paid into one country and received in the other.

Would you not equally say it was at par, if instead of paying 100 oz. in one, and receiving 100 oz. in the other, you paid a sum that would purchase 100 oz. in the one country, and received a sum in the other which would likewise purchase 100 oz.?—I think it is the same in effect.

If the Exchange between London and Hambro' was 40 Schellings per pound Sterling, would you not still deem the Exchange at par, if it appeared that from any circumstances 40 Schellings Banco only purchased the same quantity of Bullion at Hambro', as one pound Sterling purchased in London?—I conceive it the same effect, and *vice versa*.

In the one case would you not say that the value of credit at the Bank of Hambro'

Mr. Winstrop. Hambro' (in which all Bills are payable) was risen, and in the other that it had fallen?—I should not say so.

In the same manner, if £. 48. 12 s. English currency, which will now buy a pound of standard Gold in London, can purchase a Bull on Dublin for a sum of Irish Currency, which will buy no more than a pound of standard Gold in Dublin, is not the Exchange in fact at par, whatever number of pounds of Irish currency be expressed in that Bill of Exchange?—The par of Exchange between England and Ireland is universally understood to be $8\frac{1}{2}$ per cent. or £. 108. 6. 8, Irish, for £. 100 English, whatever may be the price of Bullion.

Did not that mode of calculation obtain, because it had been found on the experience of many years, that £. 108. 6. 8 of Irish Currency, and £. 100 of English Currency, represented the same quantity of precious metals; and do you conceive that when these sums represent unequal quantities of the precious metals, they can longer be considered as representing the par, or as representing one another?—It was not founded on any experience of years, that £. 108. 6. 8 Irish was equal to £. 100 English, but it is immediately discoverable by the difference between the Copper Money of the two Countries, the Gold and Silver Money being the same, but a Shilling in Ireland passing for 13 d. in Copper, forms a difference of exactly $8\frac{1}{2}$ per cent.

Did not £. 3. 17. 10½, English Money, formerly represent and contain an ounce of Gold, and did not £. 4. 4. 5, Irish Currency, likewise represent and contain an ounce of Gold?—That is the coinage price of Gold in England.

Could not Bullion likewise be purchased at that rate formerly?—When that was the price of Bullion.

If Gold Bullion can be purchased in the market of London at £. 4. 1, the ounce, and if it cannot be purchased in Ireland at £. 4. 7. 9, or nearly at that rate, how can these two sums be supposed to represent one another, and be the par of Exchange?—I never heard of their dealing in Bullion in Ireland.

As long as a sum of English currency, representing a pound of Bullion, can purchase a Bull for a sum of Irish Currency, representing a pound of Bullion, would you not deem the Exchange at par, whatever were the number of pounds Sterling expressed in either sum?—I should never deem the Exchange at par but when for £. 100 paid in England I receive £. 108. 6. 8 in Dublin, or paying £. 108. 6. 8 in Dublin for which I receive £. 100 in London, and at that rate for a greater or less sum.

Would you still be of this opinion if it should be found that £. 3. 17. 10½ in English circulating medium, in Bank Notes, will purchase an ounce of Gold, and that £. 4. 4. 5 in Irish circulating medium, namely Irish Bank Notes, will only purchase 11 pennyweights of Gold?—I should still be of the same opinion that the par is $8\frac{1}{2}$ per cent.; but I might say, the Exchange were above or below par, if there was any variation.

If the Exchange between London and Dublin was at 130 per cent. would you not deem the Exchange at par, if it appeared that from any circumstances £. 130 in Irish Bank Notes would purchase no more Bullion than £. 100 English?—I should not.

Do you not think that in such a case it would be more just to conclude that Irish Bank Notes had lost 21 per cent. of their value, and that the Exchange was risen to that sum?—The only way I should be able to account for so high an Exchange as 130 per cent. would be by concluding that the balance general debt to be remitted from Ireland to England was very great indeed.

If it should be the interest of remitters to remit in Guineas rather than in Bills, are Guineas always to be procured for that purpose?—When there is a restriction on the Banks they could not be procured in either country.

What was the price of Gold in 1799 and 1800, when the Exchange was in its most unfavourable state?—I think as well as I recollect it was printed at £. 4 an ounce, but it was not to be met with at that price, neither now.

What is the most unfavourable state of the Exchange, and the highest price of Gold which you have known during the period the Bank of England was paying in Cash?—I think I have known the price of Gold Bullion as high as from £. 4. 1, to £. 4. 2, before the restriction, which occasioned a loss of 5 per cent. on all the Bullion coined into Guineas, and the Exchange must have been unfavourable in the same degree.

Do you know of any particular circumstances that should cause the Exchange between Ireland and Great Britain to fluctuate more than that between Great Britain

Britain and the Continent?—I think there ought not, but I have stated a circumstance between Great Britain and Ireland which has no parallel in the Continent, or between any other countries that I ever heard of, namely the great sums of Money drawn from Ireland to England by the nobility and gentry of Ireland. *Mr. Winstrop.*

Previous to the restriction were not the issues of Paper of the Bank of England in a great degree regulated by the balance of Cash and Bullion in its coffers?—It ought always to be so in a great measure.

Does not an unfavourable Exchange necessarily cause a drain on its coffers of Specie to be remitted to the Continent?—I think it generally does, when there is no restriction.

Was not therefore the issue of the Paper of the Bank, in a great degree limited by the state of the foreign Exchange?—As far as this appeared necessary in the contemplation of the Directors of the Bank, it would certainly have its weight.

Veneris, 16^a die Martii 1804.

ROBERT BARNEWALL, Esq; Merchant in London,
Examined.

DO you know any thing of the Exchange between Ireland and England?—It is at present very high, attributable to the demands of this country on Ireland exceeding the demands of that country upon this. *Mr. Barnewall.*

Do you imagine the restriction on the two Banks, or on the Bank of Ireland, of issuing Specie, has had any effect on it?—I think considerably.

What is your reason?—Because if Specie could be had there to transmit to this country, Exchange never would have arisen to the height it has.

Does any remedy occur to you during the restriction to remove or alleviate the inconveniences?—None, unless the demands of this country could be reduced.

What is the nature of those demands?—For goods imported into Ireland, and the revenues of the Absentees.

Does any mode occur to you for decreasing the amount of the revenues of the Absentees to be transmitted hither?—None.

Is there any other mode remaining than that of decreasing the imports into Ireland?—None.

Would not the increasing the exports of Ireland have a similar effect?—Certainly.

Do you know whether there is any depreciation of Paper in Ireland?—I understand there is, or a premium for Guineas, which in effect is the same thing.

What do you attribute that depreciation to?—To the restriction in the issue of Specie, as I apprehend.

Has the effect of that restriction been the cause of a great increase of Paper in Ireland?—Yes; and I think there is more Paper both in England and Ireland than is beneficial to the public.

Do you apprehend there is any other cause in Ireland that creates or encourages the too great issue of Paper?—The number of inconsiderable Bankers in the country parts of Ireland; and I think if Specie was in circulation, Paper would not be taken, such Paper as I have been describing.

Do you think that if there was an over issue of Paper by the Bank of Ireland, it would tend at all to encourage the over issue of Paper which you mention in the country Banks?—I am not competent to answer that question; I have not been in Ireland many years.

Do you think the depreciation arises from any other cause than what you have mentioned, namely the quantity of Paper?—I know of no other.

Do you conceive that the existence of private Bankers in Dublin issuing Paper in considerable quantities, does not tend to the depreciation of Paper?—I understand the Bankers in Dublin are people of high credit, and likewise the Paper is in high credit;—but I am not so intimately acquainted with circumstances of this sort.

May not that high credit tend to facilitate an over issue of Paper, and of course to depreciate it?—It possibly may; it is very likely.

Does not the Paper of those inconsiderable country Banks of Ireland, of which you have spoken, pass in the same manner, and at the same price, with Paper of the private Dublin Banks and the Banks of Ireland?—I do not know.

Mr. Barnevelt. Do you not understand that the Paper of all the country Banks of Ireland is exchangeable for Bank of Ireland Paper?—I understand that any man holding the Paper of any country Banker may demand payment of it in Paper of the Bank of Ireland; but I understand there are Bankers in the country who issue Silver Notes.

Are not those Silver Notes also exchangeable for Bank of Ireland Notes, when those in the hands of one person amount to a sufficient quantity to be capable of such exchange?—I should suppose so. The persons who issue them are bound to pay them, and they can only pay them in Bank of Ireland Paper I should suppose.

Does not then the whole Paper circulation of Ireland necessarily conform itself to whatever is the current value in exchange for goods of the Paper of the Bank of Ireland?—I cannot answer that question.

Do you not conceive that an augmentation of the circulating medium of Ireland necessarily tends to the augmentation of the nominal price of commodities?—I believe so.

Is not the nominal price of commodities in Ireland at this time, that is to say, the price of commodities, as compared with Irish Bank Paper, higher than the nominal price of commodities in Great Britain, that is to say, of commodities in exchange for English Bank Paper?—I do not know.

Must it not necessarily be the case, since there is a difference of about £.10 per cent. in the Exchange?—I apprehend that a man in Ireland holding an English Bank Note must submit to nearly the loss in the Exchange that he would by negotiating a Bill, the Bank Note being payable at sight, may be negotiable at $\frac{1}{2}$ per cent. higher than a Bill that is payable at 31 days.

Cannot the owner of a Bank of England Note for £.100 buy with it more goods in England than the owner of a Bank Note in Ireland can buy in Ireland with a Bank Note of Ireland amounting to £.103. 6s. 8d. which is the par of Exchange?—I cannot answer.

Supposing a man to be able to buy the same quantity of goods in England for £.100 English, which he can buy in Ireland for £.103. 6s. 8d. Irish, must there not be an extra profit of 10 per cent. on the exportation of British goods to Ireland, inasmuch as the proprietor of £.100 English Bank Note, can buy with that Note a Bill for about £.118 in Ireland?—There is no doubt but the importer of English goods in Ireland must increase his price in proportion to the rate of Exchange at which he pays for them.

Do you then consider the 10 per cent. rise, which has lately existed in the Exchange between England and Ireland, an indication that there may have been a general augmentation in the nominal price of commodities in Ireland of about 10 per cent.?—I conceive there must, on commodities imported from England.

May it not be presumed that there must have been the same rise on all that class of commodities which are exported from Ireland to England, inasmuch as there must otherwise have been an extra gain of 10 per cent. on such exportation?—It seems probable there must be a proportionable rise on the goods exported from Ireland.

If it is presumable that there has been a rise equal to the rise in Exchange in the Irish price of all goods exported both from England to Ireland, and from Ireland to England, may it not also be presumed that there has been nearly a similar rise on articles produced in Ireland, and used for home consumption?—I think not.

Do you not think there must have been such a rise, if by the term rise is meant a higher price than would have subsisted if there had been no augmentation of Paper, and no rise in the Exchange?—I am unable to answer that question; but, on reflection, with respect to goods exported to England from Ireland, I apprehend the exporter may sell the goods exported at a lower price in England, on account of the high Exchange he obtains for his Bill, than he would if he negotiated it at a more moderate one.

Supposing, as you conjectured to be the case, that the price of Irish goods is raised in the Irish market by the augmentation of paper, will there not be a new temptation to import from England the kind of goods which are so raised in Ireland, and will there not be a new obstruction to the exportation of the goods which are so raised in Ireland, which will lead to an augmentation of the imports into

into Ireland, and to a diminution of its exports, supposing the Exchange to remain as before?—I feel myself incompetent to answer the question. Mr. Barnswell.

Must not an augmentation in the Irish price of corn, for example, as exchanged for Irish paper, produce a disposition to import corn from England, supposing the Exchange to remain the same as it was before the rise?—I conceive so, if the Exchange remained at par.

Must not the same augmentation in the Irish prices produce an indisposition to export Irish articles, supposing the Exchange to remain the same as before?—No doubt; as gain is the object of every man, either in exporting or importing, if the object is taken away, the practice would not be continued.

Must not such disposition to import, and indisposition to export, supposing it to be followed by an actual increase of imports, and an actual decrease in exports, produce what is commonly called an unfavourable balance of trade, and must it not lead to the creation of a greater number of English drawers of Bills upon Ireland than there are of English remitters?—If the imports are increased, and the exports diminished, no doubt it must produce an unfavourable balance; there cannot be a greater amount of Bills drawn than there are remitters to take.

Will not such disproportion between the amount of Bills which there is a disposition to draw, and the amount of Bills which there is a disposition to remit, produce a rise in the Exchange with Ireland?—If the Bills to be drawn exceed the money to be remitted, the Exchange naturally will rise.

Will not that rise in the Exchange operate as such a bounty on the exports from Ireland, and as such a tax upon the imports, as to counteract the high price of Irish goods in Ireland which the excessive issue of Paper in Ireland has been supposed to have created?—A rise in the Exchange above what it is now or has been, would tend to reduce the intercourse between the two countries, rather than to operate as a bounty.

Must it not, in proportion to its magnitude, operate as a bounty on exports, and as a tax on imports?—It must; in the manufactures exported from Ireland there are a number of foreign materials, which it would operate as a tax on.

Supposing this bounty on exports, and tax on imports, to be exactly counter-acted by the rise in the price of commodities in Ireland, will not the relative situation of Ireland, with respect to its trade with other countries, remain exactly the same?—I do not know that; there would be a greater capital necessarily employed.

Will not the capital be the same, if computed in foreign money, though it would be greater in Irish money, if computed according to the price of currency in Ireland?—I apprehend not. I am giving conclusions upon matters which I do not feel myself competent to.

Would not therefore the reduction of the quantity of Paper in Ireland be the means of improving the state of the Exchange?—If the Bank were to diminish their discounts, people would be obliged to draw on this country for money, which they can now obtain without doing so, and the Exchange would probably decline.

Do you know whether the usual articles of importation from Ireland into the port of London are increased or diminished in value of their respective commodities, within the last twelve months?—I know nothing about Linnæ; as to provisions, within the last few months they have been unfavourable, and have diminished in price in a very alarming degree.

Do you know whether the usual articles of exports to Ireland from the port of London, are increased in value within the last twelve months?—I rather think they are diminished in value.

Whether the prices of corn, and other goods, do not depend on the quantity at market, or to be obtained in proportion to the demand, rather than on a rise of $\frac{1}{2}$, 10 per cent. on the Exchange, or any excessive issue of Paper?—I rather think they do, at the same time the Exchange is an important consideration with the purchaser.

If there should be no exportations from Ireland, and great importations into Ireland of corn, or other goods, will not the accumulated quantity reduce the prices, and check the importations sooner than any prospect of gain on the Exchange, or any excessive issue of Paper could bring about?—I apprehend so.

Do you conceive the demands of this country on Ireland to have very materially increased since the period between 1780 and 1790, when the Ex-
change

Mr. Barnswell, change was nearly at par?—I conceive that the demands on Ireland are more disproportionate to their exportations since that period than before it. I conceive so from the state of Exchange. Having had occasion to remit money to Ireland in the months of July and August last, I observed that the Bills offered me by brokers, and those which I took, were Bills negotiated by bankers at the west end of the town, and appeared to have been drawn by gentlemen unconnected with commerce, by which I conclude that the advance in Exchange is in a certain degree attributable to the increased number of gentlemen from Ireland, who now reside in England. At the period I allude to the Exchange rose from 14 to 15½.

WALTER BORROWES, Esq; again Examined—

Mr. Borrowes. Says, there is some part of his evidence he wishes to elucidate; viz:—

AS to the effects of making large payments of Loans, and other causes between England and Ireland, during the absence of a common medium, I conceive that such payments can only be made from England to Ireland to the extent of the balance of debt against Ireland, and that beyond that point it is impossible to go; because, when the claims which England has on Ireland have been employed in this way, either by drawings from Ireland or remittances from London, that then the power of this country to possess itself of Irish medium ceases, and Ireland not having a Bullion Market, and England not having Specie in circulation; that it would be impossible, supposing for instance of a Loan which should exceed by £.1,000,000 the balance of debt against Ireland, to remit it by any human contrivance while the restriction continues. Dublin, in such a case, becomes a Vienna, or any other place on the Continent to which it might be necessary to transmit, from political causes, a Loan or a Subsidy; that in transmitting such Loan or Subsidy the balance of trade against the Continent can alone be employed, and beyond that Bullion or Coin must be resorted to. Bank of England Paper could not be purchased in Ireland after the debt of Ireland to England was extinguished, because individuals could not afford to lock up their Money in it, and it is not a common medium in Ireland. Goods could not be resorted to, because I have already supposed the market to be filled with its usual supply, and the costs of such goods included in the balance of trade; that the Loans in England for the service of Ireland, and the Loans in Ireland which have been remitted from England, and which may average £.2,500,000 yearly since 1797, I conceive, to about meet the balance of debt which has enabled England to transmit them. This principle must be extended further to the case of Loans ceasing from Great Britain to Ireland, and the debt of Ireland annually to be the same; an impossibility arises out of it to Ireland to pay this debt, unless a common medium be established between the countries, either of Specie or Guineas, or Paper, and the Absentees cannot by any possibility receive remittances for their rents in such a state of things, or the merchants for the goods sent into the country.

How would a common medium remedy the case stated, of a continual balance annually arising against Ireland?—In the first instance, by transferring a portion of that common medium to England, equal to the extent of the debt, which would not produce any great increase of the Exchange, and by reducing the quantity of Guineas or other medium remaining in Ireland, would have the effect of checking imports, and encouraging exports, to the same degree as under the present system of Money intercourse without a common medium, is produced by the intervention of a high Exchange (which is stated by others to diminish imports and encourage exports, but denied by me) and must gradually operate to do away an unfavourable balance of debt against Ireland, and gradually to restore an equilibrium in the intercourse between the countries. By a common medium, I allude to a common medium Paper, to arise from a consolidation of the Banks, or to the issue of Specie by the restriction being taking off. I am still of opinion, that a common medium of Paper could be procured by the consolidation of the Banks of England and Ireland, and that it would add 10 per cent. to the income of all Ireland, paid in Bank of Ireland Paper, whether spent at home or abroad, beyond its present value, considering it to be depreciated 10 per cent. agreeable to the rate of Exchange; and that it would curb the depreciation of Paper, and lower the present rate of Exchange to par, from which it could never stir.

Have you not known the Exchange vary from par during the circulation of Specie?—I have known it to vary a little, arising out of the difficulty of transmitting

mitting Specie from one capital to the other, but that difficulty would be done away by the facility of remitting Paper; and therefore it could no more vary than in London and Westminster, whatever may be the balance of payments between the countries. Mr. Borrower.

Have you heard that from the year 1728 to 1737, when Guineas were issuable in both countries, the rate of Exchange was never lower than 10½ per cent. and sometimes as high as 12½—I never had heard it; but I have no manner of doubt it can be accounted for without interfering with the principle which I have laid down; and if I could suppose that at that time there were no Mail Coaches, bad and dangerous Roads, an extreme risk in conveying Gold from one country to the other, I am persuaded that the rise above par was not greater.

Do you conceive that there were more means of conveying Gold from one country to the other in the year 1744, than there was between 1728 and 1737, at which latter period the rate of Exchange was from 7½ to 8½—I cannot tell; but if difficulties existed in transmitting Gold in 1737 which did not exist in 1744, it will show the propriety of the rise of Exchange in those times, and reconcile it with the rate of Exchange in 1744, and with the principle laid down.

In 1784 the rate of Exchange being at 10½, the Bank of Ireland having been some time established, and the facility of intercourse between the countries equal to what it now is, and Specie then circulating, how do you account for that high rate of Exchange above par?—The principle laid down by me was, that a common medium of Paper would keep Exchange at par for ever, which, being free from the difficulties of procuring it, and transmitting it, could not feel the influence which the state of times would produce on Specie, and therefore I do not feel that any temporary causes which acted upon Specie have a reference to this principle.

Lanc, 19th die Martii 1804.

JAMES MANSFIELD, Esq; again Examined.

Mr. Mansfield.

HAVING been shewn his former examination, and the question "What was the nature of the currency of Scotland at the time the Exchange was most against it?"—he answered, it was principally Paper, and that to a greater extent than the natural trade of the country required; at the same time the demand for Specie from the two chartered Banks was so great, that they tried the experiment of issuing Notes, with an optional clause of paying either on demand or at six months sight, with the legal interest; this only continued for about four weeks in the year 1762; they tried the same method in the year 1763 or 1764, for about three months. The directors, finding it rather increased the evil, and tended greatly to disserve the country, sent one of their number to London to promote a Bill in Parliament, prohibiting the optional clause on Bank Notes after the 15th May 1766, which measure was afterwards confirmed by Act of Parliament. After this period the chartered Banks of Scotland, finding that they had given independent credits to Bankers and their agents who issue Notes, they curtailed them very much, and cut off the credits of the agents of the country Banks who held accounts with them; the Banks likewise increased their capitals, and, as formerly stated drew liberally to every person who came with proper Paper.

What do you mean by the word "Credits"?—There are two methods of the Banks giving credit, the first is by discounting Bills, and the next is by giving Cash accounts, the nature of which is lending Money either upon personal or heritable security, but mostly upon personal security: personal security implies securities by bond.

Have your chartered Banks any branches?—The Bank of Scotland has 20 branches and more, established throughout different parts of Scotland; their particular object is to do and transact business in the same manner as the mother Bank; they issue the Notes of the mother Bank sent to them for that purpose.

Are they convertible into Specie at those Banks?—The Notes are only payable in Specie at the mother Bank; but all the real customers of the Mother Bank, or branches, are accommodated with Specie by those branches.

Do they now pay at the mother Bank in Specie any of their Notes which are offered?—Yes; as there is no restriction on the issue of Specie in Scotland, they are bound so to pay.

Have you yet found the inconvenience in Scotland in consequence of the restriction not extending to the chartered Banks of Scotland?—As rumours of
18. O invasion

Mr. Mansfield.

invasion arise from time to time, there is a greater demand for Specie; but I know of no other inconvenience; by keeping strictly, and not altering the Exchange between Edinburgh and London, things go on as heretofore.

Since the restriction has there been any diminution in Specie?—No; I rather apprehend there has been more since, in the Banks, though not in circulation.

Is there as much circulation of Specie in Scotland since the restriction as before it?—I think fully as much, though not given so freely in change, between one manufacturer and another.

Does Gold bear a premium there?—It does not; Silver costs us a premium to obtain it of about $1\frac{1}{2}$ per cent.

Are Guineas bought and sold for a premium?—Not in Scotland.

Is Bank Paper depreciated?—Not in the least.

In what manner are the balances of the different Banking houses adjusted in Scotland?—They must either pay in Specie or Bank of England Notes, or give Bills on their correspondents in London, at the par rate of 20 days.

Is there any period at which such mode of adjustment took place in your recollection?—It has been as long as I remember.

When ready money in Edinburgh is paid for a Bill, payable at 20 days date on London, does not the remitter pay an Exchange on his Bill equal to the value of the interest for 20 days on the sum remitted?—Yes, because the par between Edinburgh and London is at 40 days.

When a Bill is drawn at 40 days, does not the remitter pay a higher Exchange than when drawn at 20?—Certainly not, otherwise than that there is a difference in the interest between the 20 days and the 40.

Why do you call 40 days the par?—Because we have found from experience, that it has answered the intercourse between Edinburgh and London.

In estimating the interest on a Bill of Exchange payable in London, should it be calculated by the remitter at 5 per cent. or at the medium rate of mercantile profit?—I calculate it at 5 per cent.

Does not a Bill or Draft drawn in Edinburgh on London at sight, bear a premium?—It certainly does; a premium of 20 days, or about $\frac{1}{2}$ per cent.

Do you not consider the 20 or 40 days interest to be a compensation in the nature of commission, for the trouble attendant on the transaction, rather than as any proof that the Exchange between the two is not at par?—I decline answering the question, as being a matter of opinion.

Are you of opinion there is any Exchange between London and Edinburgh?—I refer to my former answer.

Are you of opinion there is a balance of trade, and remittances against Scotland with England?—Yes, I should think so.

Whether such a state of things would not create an Exchange unfavourable to Scotland?—I apprehend, that a mutual communication of trade may exist between the two countries, without creating any Exchange at all.

Do you not mean that the difference between the exports and the imports which it is necessary to pay for, may be discharged by the means of temporary advances by the Banks or mercantile houses of one country to the Banks or mercantile houses of the other country?—Certainly; and I look upon the establishment of the two chartered Banks in Scotland to be of great use and importance in this point.

When Bills at 20 days are taken in discharge of balances from one Bank to another, is there any and what allowance made to the Bank receiving such Bills in payment?—None; these Bills are taken at par as Specie.

Is it not the present custom of the Edinburgh Banks to give Bills on London at a fixed date for their own Notes offered for payment in Edinburgh?—Yes.

Was it not the custom, antecedently to 1761 or 1762, for the Edinburgh Banks to give Bills on London at a rate which was not fixed for their own Notes offered in payment in Edinburgh; that is to say, at a rate depending on the fluctuation of the Exchange?—Yes, I have always understood they gave Bills on London at a rate according to what they understood to be the existing rate of Exchange.

When the fluctuating Exchange, which you have stated to have existed before 1761 or 1762, was put an end to by the introduction of the custom of the Banks giving Bills on London at a fixed date, do you understand that all the Banks, public and private, at once came to an agreement to make this change in their system of drawing?—I cannot speak as to the private Banks; but the chartered Banks understood one another, and the rest were obliged to follow.

How

Mr. Maxfield.

How many private Banks are there in Edinburgh?—I cannot tell.

Did the change operate materially to the inconvenience or prejudice of the private Banks?—I apprehend not; but on the contrary, for their good, as the country benefited by the measure.

Has the Exchange continued steady since that time?—It has never varied at all.

Whether any great demands for Bills on London from the Edinburgh Banks were made at the time of that change, and in consequence of it?—There was a great demand at first, but gradually decreased as the Exchange was reduced.

Were those demands made on all the Banks, or the public Banks alone?—Principally on the public Banks.

Did the public Banks increase their capital at that time?—No, but they called in that part of their capital which had not been paid up, to the amount of £. 10,000 Sterling.

Do you know the amount of the Paper circulation of Scotland, previous to this change?—I do not.

Do you not conceive that the change of the system which took place had the effect of diminishing, in some degree, the quantity of Paper circulation which had existed immediately before?—I certainly do think so, as I have already stated; it was in consequence of there being more Paper in circulation than the situation of the country required.

Do you conceive that the augmentation of Paper which had taken place prior to the change of system, had resulted from a too great extension of the Paper of the old Banks, public and private, or from the issue of the Paper of Banks recently instituted?—From both.

Had the unfavourable state of Exchange commenced nearly at the time when these extraordinary credits were given, and the new Banks were instituted?—Much about that time.

Was the over issue of Paper prior to the unfavourable state of Exchange, or subsequent?—Certainly was prior, as it was the cause of the system being altered, which remedied the rate of Exchange; and I certainly think that the over issue of Paper was the cause of the high rate of Exchange.

Do you conceive that since the change of the system, the balances of the Cash accounts kept by the Edinburgh Banks with their correspondents in London have been more fluctuating than before?—I do not conceive they have been more fluctuating, except in times of public mercantile calamity, such as in 1792 and 1797.

Do you then mean, that in the case of a fixed Exchange it is necessary for the Edinburgh Banks to possess larger funds in London, as a provision against any distressed state of credit in Scotland, than it would be necessary to keep if there were a fluctuating Exchange, as there was at the period antecedent to 1763?—No; when Exchange is fixed I do not apprehend it is necessary to have more funds in London than when it was in a fluctuating state.

Has any inconvenience of any kind resulted from the change of the system, except the temporary one of the Banks having to provide funds in London at the commencement of it?—On the contrary, it has been productive of the greatest good.

How long was it before the Exchange was brought to a fixed rate?—It was done gradually, in the course of about two or three years.

Do you apprehend that any considerable difficulty, or any evil consequences would arise from suppressing the circulation of all One Pound Notes, both in England, Scotland, and Ireland, at the end of 12 months, supposing the restriction to continue?—I do think it would be impossible to carry on business in Scotland if we were restricted from issuing £. 1. or £. 1. 1 s. Notes, while the restriction continues.

Do you not apprehend that the absolute necessity of Guineas for payments under £. 5. would cause Guineas to come into circulation?—As long as the restriction of the Bank of England continues it would be impossible to get Guineas.

Are there any Notes under £. 1. in Scotland?—None are allowed to be issued, as the Act of Parliament has expired.

What is your opinion of Silver Notes?—That they tend to make Silver Specie disappear altogether; and the Banks of Scotland never issued any.

How is the business carried on without those Notes?—By Silver Coin.

Mr. Mansfield. Have you plenty of Silver Coin?—We get it from London from our correspondents, for which we pay a small premium besides the expence of carriage; we have no Scotch Coin now in circulation; it is all Sterling.

Have you had any forgeries of the Notes of the Banks of Scotland?—There were many formerly, but not lately; the country suffered greatly by the forgery of the 5 s. Notes from the private Banks, when they were last in circulation since 1797.

To what do you attribute the many forgeries formerly, and not lately?—The war has been the cause, by taking all the idle people away.

How stands the Paper circulation of Scotland, comparing 1792, 1795, 1797, and the period since?—It was greater in 1797, prior to the restriction; I think it very nearly the same at present. I will state the fluctuations another time.

What do the capitals of the chartered Banks in Scotland amount to?—

JAMES WARRE, Esq. Merchant, in London, Examined.

Mr. Warre. HAVE you any dealings with Ireland?—Some, but not very considerable. My principal mercantile concerns are with Portugal, and from thence with Ireland.

Is there a separate Exchange between Ireland and Portugal?—None regularly established; whilst the Exchange between London and Dublin was nearly at par it was customary to make payments for wines from Oporto in Dublin, and the Exchange was then computed at par; since the variety and fluctuation of the Exchange between Dublin and London the payment is made in Sterling in London.

Does the Irish importing merchant suffer by the high rate of Exchange?—Certainly, inasmuch as he is obliged to make good the Sterling money in London, let the rate of Exchange be what it will.

Do you apprehend that the same loss awaits the Irish merchant dealing with other foreign countries as with Portugal, while the Exchange fluctuates so highly?—Obviously, when Ireland is to make good the amount of the invoice of the goods he receives from any other foreign country, in London.

WILLIAM CONINGHAM, Merchant, in London, Examined.

Mr. Coningham. DO you know any thing of the Exchange between Ireland and London?—I occasionally deal in Exchange; I have been conversant in it for 20 years, but it is not the principal object of my trade.

Has it fluctuated greatly of late?—Very much; 20 per cent. is the highest.

Do you think that that high Exchange, and the fluctuation, arises from the balance of debt solely?—I do not.

Do you think the balance of debt sufficient to cause the high Exchange?—I do not think it possible it should in so short a space of time, as the rate of Exchange has been in an advance.

Can dealers in Exchange raise that Exchange beyond its ordinary course?—I am inclined to think it might be possible.

Do not you think that a higher rate of Exchange has been owing, in a considerable degree, to the mode in which the dealing in it may have been carried on?—I do not.

To what causes do you attribute it?—Solely to the depreciation of Irish Bank Notes in Ireland.

How does that depreciation affect the Exchange?—I think that when foreign Bills are to be paid in the currency of any country, which currency is in its own nature of an uncertain value, in such case, I think, the Exchange will always be against that country. By uncertain value, I mean a depreciated value.

As Ireland is now situated, if the depreciation of Paper ceased there, are you of opinion Exchange would come to par, or near it?—I am of that opinion undoubtedly, because I think, though it may appear paradoxical to some people, that Exchange has never, within the last five years, been above par for money with Ireland, but a very high nominal Exchange has existed when Bills upon London were to be paid for in Ireland Bank Notes.

When Exchange was 20 per cent. what was the depreciation of Paper?—12 per cent. or thereabouts.

In your opinion, what are the causes of the depreciation of Paper in Ireland?

—I think

—I think it most probable there is too much Paper in circulation; I have no data to ascertain its amount, but I apprehend it is a great deal more than it ought to be.

Mr. O'Connell.

When do you apprehend this over issue of Paper commenced?—Immediately after the restriction upon the issue of Gold.

Can you state the amount of the excess of circulating Paper?—I have been informed that the circulating Paper of the Bank of Ireland was at the time of the restriction £600,000, and I have been informed that it is now £2,500,000; in addition to that, I have also been informed that there has been a very great additional issue of private Bankers Notes in Ireland, chiefly in Dublin.

Is it your opinion that the reducing the circulating Paper of Ireland within its proper bounds would reduce the Exchange to par?—It is not; but it would tend towards it.

Do you know of any other cause which contributes to the high Exchange, except the excess of Paper?—I think another considerable cause is the great sums to be remitted to Absentees, and the interest of the Public Debt due by Ireland to Great Britain.

Has any mode occurred to you which would reduce the circulating Paper?—I have never considered it; I have not been in Ireland lately.

Would the restraining private Banks from issuing Notes under £10 have any effect that way?—It would lessen the circulation, and would tend towards it.

Is there any mode which occurs to you by which the Exchange could be lowered?—I think that if any common circulating medium could be adopted between Great Britain and Ireland, it would certainly lower the Exchange to nearly par. If there were no restriction Gold would answer as a common circulating medium.

How would you propose, now, to obtain a common circulating medium when Gold cannot be had?—By making Bank of England Notes to be in as great a degree a legal tender in Ireland as they are in England.

Are you aware they are not, strictly speaking, a legal tender in England?—I am.

Do you imagine any arrangement between the Bank of England and Bank of Ireland could effect what you propose?—I think so, completely.

Do you imagine such an arrangement could hurt the internal interests of Ireland, by rendering discounts difficult or uneasy there?—I think it could easily be arranged without any inconvenience of that kind.

Can you state the mode of arrangement?—I am not well prepared to state it; but I should suppose if Notes were issued by the Bank of Ireland, or even by a branch of the Bank of England to be established in Dublin, which Notes should be payable at the Bank of England, I think it would certainly lower the Exchange to a very moderate rate. I think it is practicable; I see no obstacles to it, nor have I heard of any.

In the actual state of Exchange, would not a considerable demand come upon the Bank of England for those Notes?—I think not, because the Bank of England is at present restrained by law from paying in Specie.

Would not the Notes to be issued be payable by the Bank of England in Specie, whenever the restriction should cease?—Certainly.

How is the Bank of England to be reimbursed?—Precisely in the same way as they would be reimbursed for any other Notes which they might then have in circulation.

Would not this project go to increase the Bank of England Paper?—I think it would not increase it very much. My reason for thinking so is, that the people of Ireland would not have occasion to call for a great quantity of these Notes; for I think the rate of Exchange would instantly fall to such a price as would enable the remitters in Ireland to purchase Bills of Exchange on London on cheaper terms than they could procure the Notes payable at the Bank of England; I am confirmed in this opinion by some circumstances that occurred in London about four years ago in the Exchange upon Dublin; on the 29th October 1799, the Exchange on Dublin was 12½ per cent. A plan was immediately after proposed for taking in, at the Bank of England, Irish Bank Notes at the rate of 9½ per cent. Exchange, to the amount only of £500,000 in part payment of the public Loan in December 1799; that plan instantly lowered the Exchange in Dublin to 8-7-8ths per cent. On the 12th of December Exchange rose again to 14 per cent. because a doubt was suggested that the Irish

Mr. Canningham.

Bank Notes would not be received at the Bank as was proposed; on the 27th December the Notes were exchanged, and the rate of Exchange the day before that fell to 11 per cent.; the very next day after the payment in of the Irish Notes, it rose to 15 per cent. These circumstances convinced me that a very small sum of such circulating medium as I have described would fully answer the purpose to lower the Exchange.

Do you mean lower it permanently, or occasionally; or only so long as such operation should continue?—I mean it permanently, or rather as long as the restriction continues.

Is it not true that the effect of the operation you have described ceased immediately after the operation had discontinued?—Certainly it did, and that is the reason I think why a permanent system should be adopted.

Are you of opinion that the balance of payments with this country is against Ireland, or otherwise?—I am inclined to think, that for five years past the sums to be remitted from England to Ireland were greater than those to be remitted from Ireland to England. I include the Loans of course.

Can you estimate the balance of trade between the two countries for the last five years, or how it stands at present?—I should suppose that it is not against Ireland, because I think that Ireland has paid every thing that she owed, either in her exports, or Bills of Exchange which she drew on account of those exports. I think that Ireland owes as little upon her trade now, in proportion to the extent of it, as she has owed at any one period.

Martis, 20^a die Martii 1804.

JOHN IRVING, Esq; Merchant of London, Examined.

Mr. Irving.

DO you deal with Ireland?—I do; I know the Exchange has been high.

Has there been a depreciation of circulating Paper in Ireland?—I have heard so.

Is it your opinion that it has been depreciated?—It is not.

Have you heard that Guineas have been purchased for a premium there?—I have, and I believe it.

Do not you think of course, that Paper is depreciated when Guineas are bought at a premium?—I do not.

Explain your reasons?—I am of opinion that a Bank, managed with prudence, would only issue its Notes in proportion to the demand which may be made for those Notes, in exchange for good and convertible securities, such as mercantile Bills of Exchange payable at specific periods, of undoubted respectability, founded upon real mercantile transactions, upon Government securities, such as Exchequer Bills, in the purchase of Spanish dollars, or other Bullion; and the circumstance of the Bank Notes of Ireland being demanded for such good and convertible securities, I am of opinion, is a proof that they are not too large in amount, and that their value has not depreciated. A country, such as I consider the present situation of Ireland to be, threatened by foreign invasion, or internal commotions, naturally creates a disposition in its inhabitants to hoard or conceal the precious metals, whether in the shape of the current coin, or manufactured plate; to this disposition I attribute the premium which I have heard is paid on Guineas. Specie therefore, being entirely taken away as a medium of circulation, I am of opinion, is also for that purpose deprived of its use; naturally by this deprivation of part of the circulating medium a vacuum must be created in the channel of circulation, which there only remains Paper to supply. Another reason why I am of opinion that Bank Notes have not depreciated in value is, that the interest of money has not been diminished.

May not Notes be depreciated in the value of their currency, although they are in no way depreciated in the opinion of their security?—I think not, because, from a parity of reasoning, it might be said that a Guinea is also depreciated; because comparing the quantity of Gold which is contained in a Guinea, according to its mint price, it would yield according to the present market price of that commodity a premium.

Might not a greater quantity of Notes being in circulation than the country requires, cause their depreciation?—Yes; I have already stated that Bank Notes can only maintain their value when they are demanded in exchange for good and convertible securities.

Would

Would they not continue to be so demanded, supposing there was too great a quantity of them in circulation, and no Gold?—Certainly, and upon the same principle that any commodity of merchandize diminishes in value when there is more than is required to supply the demand. *Mr. Irving.*

Would not, in such case, the value of such Notes diminish, there being more of them than is necessary to supply the demand?—Certainly.

Must not, of course, more of them be given for any convertible security?—Certainly.

Do you call a Bill of Exchange on London a convertible security?—Yes, because it can be sold, and because, at the period of its maturity, it is paid.

Does it not follow then in such case, that a greater quantity of those Notes must be given for the Bill of Exchange?—Yes; upon the hypothesis; that there are too great a number in circulation.

Supposing a forced issue of Paper, would not the surplus return to the issuers, and being redeemed, would not the remainder be supported without any depreciation; and would such redemption by Bank of Ireland Paper prevent any depreciation?—I think it would, because the Bank of Ireland, arriving at the knowledge of their Paper in circulation being more than would be adequate to supply the demand for it, would cease to lend upon the securities such as I have stated.

May not an excessive issue of Paper take place from private Banks, although the issues from the National Banks of either country be not excessive?—Certainly, but the same rule of prudence which would govern the directors of the two National Banks, would probably govern the conduct of the directors of private Banks.

Do you think that the same confidence which may be placed in the prudence of the directors of the National Banks can be safely placed in the prudence of private Bankers, while it is competent for every individual, without establishment of any fixed criterion of property as security to the Public, to issue Bank Notes for any thing that he may choose to consider an adequate value for them?—The private Banker is governed by his own interest; the directors of a public Bank are governed by their public duty.

Have there been great fluctuations in the Exchange?—There have.

Have those fluctuations been caused by any circumstances not immediately affecting trade?—I think the high Exchange has been occasioned by other causes than those affecting trade; but the fluctuation, I think, has principally arisen from the greater or less demand for Bills.

Is there any particular cause which will occasion that demand to be more at one season than the other?—I think there is, particularly in that season when Money is demanded in order to supply the purchasers of salted provisions; the linen markets at specific periods; and those periods when it is known that the Treasury must draw upon England.

Suppose the Treasury left the power of drawing to the Bank of Ireland upon the Bank of England, at their discretion, would that fluctuation be any way likely to be remedied thereby?—I think a fund being invested in London, upon which the Bank of Ireland might at all times have it in their power to operate, would give them the ability of correcting fluctuations of Exchange.

Explain what fund should be invested, and how it should be provided?—The fund which would be the most convenient to invest, I should consider to be the Government securities of England, bearing interest, which at all times might be converted into Cash according to the demand, such as Exchequer Bills; I take it for granted that there is a fund in England to be remitted to Ireland, which, in place of remitting I would invest in the manner before stated.

Do you mean that the Loans should be first invested in Stock or Exchequer Bills, to be converted into Cash from time to time, and if so, explain how that differs with respect to the effects on the Exchange, from the Loans being remitted or drawn for as heretofore, and at present?—The spirit of my reply to the questions put to me, why there would be less fluctuation in the Exchange between Dublin and London by a public fund being in the direction of the Bank in place of the Treasury, is this; that the periods of drawing by the Treasury are known; the Bank, by having it in their power to be always drawer of Bills, would give a supply according to the demand, and therefore there would never be too large a quantity of Bills at market.

Mr. Irving.

Do you think that the Bank drawing Bills for smaller Sums than it is in the habit of the Treasury to draw, might not likewise tend to prevent in a greater degree that fluctuation complained of?—I think it would be a point of convenience, but would produce no real effect on the Exchange.

Do not you think that if the Treasury draws for low Sums under £. 1,000, and that the persons who want Bills for a smaller amount go to a person who has got the £. 1,000 draft, he does not pay a higher rate of Exchange than what such person paid to the Treasury?—I have never known in the course of my experience any difference of price betwixt a Bill of large amount and one of small; I speak of London, being ignorant of the fact as to Dublin.

Do you not think that the directors of the Bank of Ireland, as dealers in Exchange, would feel it their duty to that body whose trustees they are, to take the best profit they could make, unless they were restricted by Government in respect of their agency for Government?—A Bank having an exclusive charter, I am of opinion, exacts from its directors a two-fold duty; a duty to the proprietors and a duty to the public, which operating together, I think would make the directors avoid sacrificing their duty to the public to the interest of the proprietors.

Do you admit that these two duties are in opposition to each other?—I do not; but I do say that they are inseparable.

Have you any opinion as to the balance of trade between England and Ireland, in favour of which country it is?—I do not know the fact; but judging from the state of Exchange, I should be of opinion that the balance of trade, or rather the balance of payments, is in favour of England; I mean not only those payments which Ireland has to make to England for public debt or private debt, but for all the payments which England has to make for Ireland to foreign countries, such as Holland for dye stuffs; France, Spain, Portugal, for Wines; America for Tobacco, &c.; which payments, from the present state of Ireland, as well as from usage, I take it are entirely through the medium of England.

May not a balance of trade be in favour of Ireland, although the balance of debt or remittances be against it?—Yes.

What is your opinion as to the balance of trade singly at this moment?—Speaking at this time, I should be inclined to think that the balance of trade may be against Ireland; one of its most important articles of export, salted provisions, having greatly diminished in demand, and very much diminished in price, the balance of trade I have understood to be in general in favour of Ireland.

What are the causes of the decrease in the demand for salted provisions, and is the demand likely to rise again?—The cause to which I ascribe the diminished demand, arises from the principal part of the Navy being on home stations, and no great offensive operations requiring the employ of transports having taken place; and the Navy being principally fed on fresh provisions.

Do you not conceive the Exchange to depend on the balance of payments rather than on the balance of trade?—Certainly.

Do you conceive the balance of payments between Ireland and Great Britain to have been for any considerable time against Ireland?—Yes; I think from 1797; because for several years preceding that period, the Exchange had been favourable, but since then it has been unfavourable.

Do you then mean to say, that Ireland has ever since 1797 been annually growing more and more in debt to Great Britain?—I think from different causes, but principally from political causes, that greater sums than heretofore have been withdrawn from Ireland through the medium of England.

Do you conceive that the aggregate of those sums has amounted, since 1797, to more than the sums which the British Government has in the same period furnished in the way of Loan to Ireland?—From the progressive advance in the rate of Exchange I should think it does.

Do you then affirm this to be the fact, in consequence of the state of Exchange?—I do, having no other means of judging.

Supposing the British Government to cease from furnishing annually to Ireland the Loans which it has lately supplied, do you conceive that the Exchange would rise materially above its present rate?—I think it would; while the British Government continues to furnish the same Loan, Ireland will thereby have to pay to England a continually increasing sum for interest.

Do you not suppose that the Exchange is likely in that case also to rise through the remittance of such increasing sum for interest?—Yes.

Do

Do you conceive that there is no other cause for an unfavourable Exchange, except that which you have stated, of an unfavourable balance of payments?—I think none.

Mr. Irving.

Do you conceive there is any remedy for the unfavourable rate of Exchange, and what is that remedy?—I am of opinion, that if the Bank of Ireland were to invest a part of its capital in convertible securities of England, either in the hands of the Bank of England, or in the hands of its own correspondents, thereby furnishing a fund which would at all times give it the means of drawing, it would in such case have a control over Exchange operations of such power as to enable it at all times to regulate the Exchange. The creation of such a fund in London might, and most probably would, be attended with considerable expense to the Bank, but the evil of the expense would be temporary; the good would be permanent to the Bank and to the public. This plan would necessarily oblige the Bank of Ireland to be dealers in Exchange, but this would be a new source of advantage, which probably would do more than compensate the risk and additional trouble. Another plan would answer the same end, that of making Bank of Ireland Notes payable, at the option of the holder, in Bank of England Notes, at a fixed premium.

WALTER BORROWES, Esq; again Examined:—

WHO informed the committee, That he had waited upon Mr. Winthrop on Saturday, pursuant to his appointment, on the subject of a plan for the consolidation of the Banks of England and Ireland.

Mr. Borrowes.

Mr. Borrowes said, Mr. Winthrop desired me to state to him, what my ideas were, which I did in the way I had the honour to do to this Committee; and having then desired me to state the assistance which would be required of the Bank of England, in order to carry on the consolidation, I beg to be allowed to put in in writing what my ideas were on that head, as follows:

"The consolidation of the two Banks would require, supposing the issue of Bank of Ireland Notes to be £. 3,000,000, and that never to be exceeded during the war, the balance of debt between the countries should be taken in at the Bank of England; and vice versa, supposing the Loans to be raised in England for the service of Ireland to exceed the balance of debt, that the difference should be taken in by the Bank of Ireland, and this incidental balance, be it on which side it may, to be borne by the Bank it might light upon, until the restriction upon the Banks against paying of Specie should be taken off; then to be settled by the Banks, between themselves, the same as if the Notes were held by the public."

Mr. Winthrop desired, that his answer to that proposal should be given by himself to the Committee.

BENJAMIN WINTHROP, Esq; being present, stated—

I SAID to Mr. Borrowes, that I believed it might be proper for me to state to the Committee my observations, or answer to such a plan, which plan I understood to amount to this; that whatever might be the balance of general debt due from Ireland to England, the Bank of England should pay the same, by paying all such Irish Bank Notes as should be brought to it for payment at the Exchange of Par, and that such payments should accumulate as a debt against the Bank of Ireland, without any part of it being paid off during the war; that I conceived the plan would be totally impracticable, and so it strikes me now, after having more maturely considered the subject, the evil of the high Exchange, and the remedy proposed. I think a growing debt against Ireland, by borrowing and paying at the rate of compound interest, would be a ruinous mode of endeavouring to alleviate her burthens; that as long as Ireland must pay a large balance of debt to England, not arising out of any balance of Trade against her (for I imagine the balance of trade to be in her favour) that high Exchange I do not look upon wholly as an evil to Ireland, but, in some measure, like an effort of nature to relieve her; and at any rate, that it must be borne.

Mr. Winthrop.

WALTER BORROWES, Esq; again Examined:—

IS it your opinion still, that the plan you have submitted to the Committee, respecting the consolidation of the Banks, would answer?—It is, but it could not

Mr. Borrowes.

Mr. Beranger.

be effected without the consent of parties; and I am convinced that until a common medium is established between the two countries, and the depreciation taken off the currency of Ireland, that no state of Exchange, founded on depreciation as this one is, can have the smallest influence on the trade of the country, either by encouraging its exports or checking its imports; because, in the case of Exports, the exporting merchants pay as much more as the depreciation for every article which the exporting merchants draw back in the Exchange, and which renders the Exchange nugatory upon exports; and, in the case of imports, the importing merchants receive so much more as the depreciation amounts to, which prevents Irish Exchange acting as a restraint; and thereby an Exchange, founded on a depreciated currency, stands upon principles totally different from an Exchange founded on a currency, not depreciated.

Mercurii, 21^a die Martii 1804.

JOHN IRVING, Esquire, again Examined.

Last Question put to the Witness, and the Answer read.

Mr. Irving.

EXPLAIN how the latter plan could be effected?—The means of effecting the latter plan, I consider, would be precisely the same as would be required for the accomplishment of the first; viz. the having a fund in London, either in the hands of the Bank of England, or in the hands of the Agent of the Bank of Ireland; which fund, I am of opinion, might at all times be procured by the Bank of Ireland taking Bills at a given rate of Exchange, and by being drawers at a higher rate. There is another fund, to which I look as likely to accomplish the same end; I mean the expenditure in Ireland for public purposes of the Empire, as a measure of convenience, and as likely materially to facilitate both or either of the plans which I have proposed. I think the equalization of the Monies of account, and the Monies of circulation in both countries, would be a desirable measure. Though I am aware that this might not produce any immediate alteration in the state of Exchange, I think, that by doing away the name of Exchange, that the practice of its calculation might also cease, and that in progress of time, the same practice which prevails between Edinburgh and London might prevail between Dublin and London. Supposing this Arrangement to take effect, it follows, in my opinion, as probable that the Exchange between Dublin and London might resolve itself something into the following position: The Bank of Ireland would be takers of Bills at thirty days date, and would be a drawer of Bills at sixty days date, thereby receiving a profit upon such transactions of thirty days interest, or about one-half per cent. In the case of Bank of Ireland Notes being exchangeable for Bank of England Notes, I would propose, that in the body of those Irish Notes, it should be stipulated, that they are to be paid, at the option of the holder, in Bank of England Notes at 1 per cent. or in London at sixty days sight, which would amount to rather more than one per cent.

Would you consider a Loan of two, three or four millions, made in England for the use of the Government of Ireland, paid into the Bank of England, to be placed there to the credit of the Bank of Ireland, and to be drawn for or remitted at the pleasure of the latter Bank, would in any degree operate in the nature of such a fund as you alluded to in the plan you have suggested?—Yes, to all intents and purposes.

Do not both the plans which you have suggested assume the creation of a new fund in London, upon which the Bank of Ireland shall draw, and the improvement in the Exchange to be the result of those drafts upon London?—Yes.

Do you not mean, according to the first plan, that the Bank of Ireland shall give Bills upon London at a fixed and very improved rate of Exchange for such of its own Notes as the holders of them require to have converted into such Bills on London?—I mean, that the holders of such Notes should pay a premium of 1 per cent. for English Notes in Exchange.

Since there is now a premium of about 10 per cent. on such Exchange, do you not conceive that a considerable demand for such Bills in Exchange for Bank of Ireland Notes would arise?—Yes.

Would not such Exchange have the effect of reducing the present quantity of the circulating Notes of the Bank of Ireland?—Certainly; but I calculate, that the plan which I have proposed would produce a reduction of Exchange; and that,

that, when that object is accomplished, no material increased demand for Bank of England Notes would take place, and of course no material diminution of the Bank of Ireland Notes.

Mr. Irving.

Does not the second plan, since it proposes to make Bank of Ireland Notes payable either in Dublin or in London, at the option of the holder, equally imply, that the remedy for the present high Exchange will result from a diminution of the present quantity of Bank of Ireland Notes circulating in Ireland?—I conceive, that Notes of such description coming to England, would precisely operate in the same way as would a Bill on London.

Do you then mean to say, that both the remedies of the present high Exchange which you have suggested, imply a reduction of the quantity of the circulating Paper of Ireland, but that that circulating Paper may again be augmented to its present quantity without any evil influence on the Exchange?—I am of opinion, that a circulating medium, not depreciated, does not in its quantity fix the rate of Exchange.

Does not the quantity of circulating medium operate in any degree, according to your opinion, upon the Exchange?—I am of opinion, that a circulating medium, which is the representative of property, and is not property itself, by such I mean Gold and Silver, does not produce any effect upon the Exchange between countries.

Supposing Coin alone to circulate in a country, and supposing the quantity of Coin to become greater in proportion to the Goods which it has to pay for than a similar quantity of Coin in other countries, compared with the goods of those countries, will not the Coin which is so augmented become cheap as compared with goods, or in other words, will not goods become dear as compared with Coin; and will not a profit on the exportation of the article which is rendered cheap at home, through the augmentation of its quantity, namely, on Coin, necessarily arise?—I should say, Yes, I have always understood, that a high Exchange between countries operates as a bounty on exports, and as a duty on imports; according to this position, it necessarily follows, that when Bills of Exchange which are drawn in payment of goods exported, are payable in a larger portion of the money of the places on which they are drawn, that the price of the cost of the goods is in so much diminished, and their being rendered at a cheaper rate at the market of consumption, must necessarily increase the demand; I conceive, that when the circulating medium of a country is alone spent, that Spence will be affected in its value by its abundance or by its diminution, the same as copper, brass, cloth, or any other article of merchandise.

Supposing Coin and Paper to circulate at the same time in a country, and supposing the two, taken together, to become in like manner greater in proportion to the goods which they have to transfer, than the circulating medium of other countries, will not the same effect follow; viz. will not the Coin be exported on account of the profit attending the exportation, and will it not continue to be exported until a just proportion between the circulating medium of the exporting country as compared with its goods, and the circulating medium of other countries as compared with their goods, shall be established?—Yes, unquestionably.

Supposing Paper alone to circulate in a country, the Banks having been authorized to suspend money payments, and supposing the quantity of Paper to be in the same sense excessive, in reference to the quantity of goods to be circulated, will not the Paper become cheap as compared with goods, or in other words, will not goods become dear as compared with Paper, on an exactly similar principle; and will not the limitation of the Paper be the only means of sustaining its value as compared with the value of the circulating medium of other countries?—Yes.

Do you not then conceive that too great a quantity of circulating Paper will have an influence on the Exchange?—Yes.

Will not the Exchange be raised by every augmentation of Paper, and depressed by every limitation of it, supposing no other circumstances to interfere? If that Paper be issued in proportion to its demand in Exchange, for good and convertible securities, I think not; which securities I have stated before to mean mercantile bills payable at a fixed period, of undoubted solidity and credit, and founded upon real mercantile transactions; upon public debt, payable at specific periods; such, I mean, as Exchequer Bills, Scrip receipts, Gold and Silver, and property of such nature.

Do you not conceive, that real Bills, founded on mercantile transactions may
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be multiplied in a mercantile country to an immensely great amount; may not for example, many persons adopt the practice of selling goods on credit, who were in the habit of selling them for ready money before, and may not many persons, who, though selling on credit, were not accustomed to take Bills for their goods sold, be induced to fall into the habits of taking Bills, when they shall know that an unlimited quantity of such Bills will be easily discountable; may not also many persons sell on long credit, at six months for example, who before used to sell at two months, and will not, in that case, thrice the quantity of real Bills be at the same time in existence?—In a country where confidence prevails, and in which credit is enjoyed without the interruption of any apprehension of foreign invasion or civil war, I think, that in proportion as the means of capital are extended, so will be the means of extending its trade and commerce. Confidence I consider to be the foundation on which rests the whole fabric of Paper circulation; but confidence, in my estimation of it, is more extended in its functions, and does more than the whole aggregate of the circulating medium; it is the basis of what, in a mercantile phrase, is called “Book Debts,” which are not represented by any circulating medium, Bills of Exchange not being given for them: Undoubtedly, the facility of discounting Bills will increase their amount, and furnishing a new capital to their possessor, will enable him to carry on his trade with more facility, and to increase its amount in proportion to the accommodation which he so receives.

Is it not impossible, in many cases, to distinguish between Bills drawn on the occasion of the sale of goods, and Bills drawn as a matter of accommodation?—Yes.

Supposing Discounts to be granted on the security of Exchequer Bills, may not the amount of them arise indefinitely, since Government may issue Exchequer Bills to an indefinite amount, and will have a temptation to do so if it is known that they are discountable to any extent?—Yes; but in the course of my experience, I have never known a period when Exchequer Bills were not saleable.

What do you consider to be the current rate of interest in Ireland?—6 per cent.

Do you mean to imply that a Bank should itself prescribe some limits to its issues, and should not merely limit them by the sufficiency of the securities which may be offered?—I think a Bank, prudently administered, will consider, in the first place the capital on which its circulation is founded; and in the second place, that it will consider the powers which there are of absorbing that circulation, and therefore that its Paper could not, and would not, upon the principle I have stated, be indefinite in its amount.

Are you acquainted with the present state of the provision trade of Ireland, in the several branches of beef, pork, bacon, and butter?—The house in which I am concerned, in the course of its general intercourse with Ireland, do at times receive consignments of all those commodities; and at present, the prices of all those commodities are lower than for several years past.

From what causes?—I have already stated, that the diminished consumption arises, in my opinion, from the principal part of the Navy being on home stations, no great employment of transports, and that the Navy is fed more than heretofore on fresh provisions. I conceive the diminution in price of those different commodities has arisen in part from the cause I have assigned; and in part from the trade being in the hands of a few houses, who have contracted for the Supply of Government, who have the control of the market, and therefore regulate the price.

Can you state what the contract prices are, and what prices are now offered by the contractors for the purchase of those articles?—I can in only one of those articles, pork, which I understand is contracted to be delivered to the Victualling Board at about £. 5. 17 s. British per barrel; the price at present in the market I understand to be from 3 guineas to £. 3. 10 s. the barrel.

Do you conceive such a period of depression in one of the largest branches of export trade of Ireland, a proper period for limiting discounts within narrower bounds, by which alone a reduction in the issue of Bank Paper can be effected?—I should think not.

Do you not think that the pecuniary transactions of London with Liverpool are as large, or larger, than those of London with Edinburgh?—I do not know the fact.

Is not the Exchange between Liverpool and London regulated at the same rate,

rate, without the intervention of any corporate Banks?—The circulation of Liverpool Lunderland to be in the whole, or in a great degree, by Bills on London; and the whole Exchange which I know of between Liverpool and London consists of the Banker's commission, at, I believe, 4 per cent.

Do you not think that the separation of Ireland from Great Britain by the sea, and the consequent irregularity of communication, a material obstacle to the fixing of an invariable Exchange between Dublin and London?—No; because it seldom happens that the variation of posts exceeds many days.

Should any powerful corporation obtain a control over the Exchange between London and Hamburgh, do you think such an innovation in the trade would be useful?—I do not think that the cases are parallel; Ireland, being part of the Empire, is under the control of the Legislature as much as any other part of the Empire. It is eligible for the Legislature to frame laws and regulations for the Government of Ireland in its various departments; it can have no control over Hamburgh.

Do you think, that because England and Ireland are under the same Government that the intervention of any great and opulent corporation between the buyers and sellers in the provision trade would be useful?—No; but I conceive there is a great distinction between an article of merchandise and that which is merely the representative of merchandise.

Do you not think that the Exchange is fixed by the competition of the buyers and sellers of Bills?—Yes, I have already stated that to be my opinion.

Would it not be necessary, towards the accomplishment of your plans, for the Bank of Ireland to procure an additional and permanent capital, in order to provide the necessary funds in London?—I am not sufficiently acquainted with the calls which are made upon the Bank of Ireland for the employment of its capital, to judge distinctly on that point, but if such a plan were to require a new source of supply of capital, I should think certainly that it would be necessary for the Bank of Ireland to extend its capital in proportion to that increased demand.

Would the prospect of advantage to the Bank of Ireland, by your plans, be likely to give a fair compensation for such increased capital?—I have already stated, that the advantages to be derived from such a plan would be a compensation for any expense that would be thereby created, and a compensation for any additional trouble that might result; I mean by the Bank of Ireland opening to itself a new source of profit, by dealing in Bills of Exchange, and by the premium which would arise in the interchange of the Bank Paper of Ireland for the Bank Paper of England.

In explanation of the last answer of yesterday, state what is the amount of the capital to be transmitted to this country by the Bank of Ireland; what is the mode by which it would be now transmitted; at what expense to the Bank; and lastly, what is the nature of the operations to be carried on, and continued, in order to ensure at all times an invariable rate of Exchange? The extent of capital which would be required I am not possessed of sufficient information to give any opinion upon; the nature of operation by which such capital is to be transmitted I have already described; the expense which would attend its transmission would depend upon the rate at which remittances, such as I have described, could be procured.

Latter part of the Question repeated?—In the answer which I have given, I have assumed, that the plan proposed would regulate the Exchange, and that the fund, placed in London, would obtain its supply from the Bank of Ireland, always being purchasers of such Bills of Exchange as might offer, and by the supply which might be obtained from the expenditure in Ireland, for the general purposes of the Empire.

Supposing the balance of payments to be against Ireland, what would be the result?—A higher Exchange; but I conceive that might be regulated by the command which the Bank of Ireland, from its extended powers, would give it.

Can you give a fuller answer to the question put, or in other words, supposing the credits of Ireland on this country, including those of the Bank of Ireland, to be exhausted by the balance of payments being against Ireland, does not that case involve a failure of the plan you propose?—No, the plan which I have proposed goes to the regulation of the Exchange between England and Ireland; but it cannot be the means of paying, or materially reducing, or making any balance of payments which may be due by England to Ireland.

Does not the balance of payments regulate the Exchange between the two countries?

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Martin, 27^e die Martii 1804.

JAMES CROFTON, Esq; Chief Clerk of the Irish Treasury,
Examined.

Mr. Crofton. STATE the mode in which the money remitted from the Exchequer of England to Ireland, has been brought over there?—By remittances from Messrs. Puget and Bainbridge, and by drafts of the Lords of the Treasury of Ireland upon them; both practices have prevailed since the commencement of Loans being part of the British Loans.

Are there any general orders or regulations made by the Lords of the Treasury respecting the mode of drawing?—The universal object of the Lords of the Treasury since the commencement, has been rather meant to regulate and steady the Exchange, than to derive any great profits to the Exchequer; as to particular general orders, I cannot say I have them in my recollection; I do not recollect that there any general orders; orders have been given according to the circumstances of the times at which the Treasury have had the power of drawing.

How did the Lords of the Treasury carry their object into execution?—Their practice was to give it to be understood generally that they intended to draw, upon which application was made by such individuals as wished for Bills; their days of drawing were Tuesdays, Thursdays, and Saturdays; Mondays, Wednesdays, and Fridays being the regular Exchange days of market of Dublin at the Royal Exchange, the prices of which in some measure influenced the price to be fixed by the Lords of the Treasury, for their Bills on the days following respectively.

How did they give that notice?—A great number of people came to inquire, and they were told when they should draw, which was one notice, another notice was at times given on the Royal Exchange; the former mode principally obtained till latterly.

In the notice did they ever mention the gross sum or rate of Exchange?—Never, for the purpose of preventing, as much as in their power, the advantage that would be taken of such knowledge by the speculators in Exchange.

Did the Clerks in the Treasury ever know the amount or the time beforehand?—Never.

State how they settled the rate they would draw at?—There is a broker in the employ of the Lords of the Treasury (Mr. Robert Deey) whose business it is to attend the public Exchange, and on the morning following to report the courses of that day; this report is laid before the Lords of the Treasury, and they fix the price, being never higher, generally the lowest of the prices reported.

On days when there were no Lords of the Treasury attending, how was the price fixed?—There never has been a day on which the Treasury were drawing, that some of the Lords of the Treasury did not attend.

Was their habit ever to order their drafts to be at a lower rate of Exchange than the lowest of the preceding day?—There have been instances in which the Lords of the Treasury have drawn lower than the lowest of the course reported of the preceding day, which in all instances has arisen from the absolute necessity of providing funds for the public service, which could at that time be provided in no other manner than holding out a temptation to the Merchants, Bankers, and Dealers, to come in for a large sum.

How much lower in your recollection?—I believe never more than 1 per cent, and very seldom to that extent; generally 1, or from that to $\frac{1}{2}$.

How many Lords of the Treasury constitute a Board?—It is necessary for three Lords of the Treasury to sign any official document.

Is it necessary for three Lords of the Treasury to give the order respecting the Exchange?—As to the daily transactions it has not been thought necessary; the general arrangement of what was to be drawn, when it was to be drawn, and other general principles, being arranged by a full Board.

Do you mean by that, that orders were given by a full Board respecting the mode

mode of ascertaining the Exchange, and the rate to be drawn at?—I did say as to the general principle; as to the daily rate, it was mostly governed by the rates reported by the broker, and might not be given by a full Board; sometimes it was, and sometimes it was not.

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Are the orders entered on the proceedings of the Board when they are given?—I cannot say they are.

How many Lords of the Treasury are there in Ireland?—There are four now in Ireland.

Name them?—Lord Shannon, Lord Franckfort, Mr. Fitzgerald, Sir Evan Nepean.

Have the Board any rule for regular periods of drawing, or for the amount that they will draw at any period?—None, as to the regular period of drawing, that depending upon their having Money in England; and even when that comes to their knowledge, then depending upon the present finances of the Irish Exchequer; in all cases, where the Treasury have been at ease in their circumstances, the amount in their power to draw has been given in such proportions as it was thought would be most likely to regulate and steady the Exchange, say 30 or £. 40,000 a week. In cases of necessity £. 150,000 or more have been drawn in the week.

Do they draw the sum each individual desires, or do they fix themselves the amount of each draft?—At the commencement of this business in the Treasury, they did draw for any sum demanded. I believe till the commencement of the year 1802. It was found by this mode that the speculators in Exchange had great advantage, by taking the power of drawing out of the Lords of the Treasury in a short period, and thereby having the markets under their control; to obviate this evil it was thought advisable to limit the amount of Bills delivered to £. 1,000 for each person, and, except in cases where the Treasury were in immediate want of Money, that rule has been adhered to. Within a very late period, (a month) Bills for £. 500 have been given, not less.

State the number of days at which the drafts were generally made payable?—At 21 Days sight; within the last 12 Months up to the present period; three days the year before.

State the motives of the change from three days to 21?—I cannot say that I can exactly state the motives, but presume it was principally for the purpose of accommodation in England, and did not make a subject of complaint to the takers of Bills in Ireland.

When there were more applications for Bills than the sum to be drawn for amounted to, how was the preference arranged?—While the Treasury were confined to a particular sum per day, those who first applied were served, and the remainder according to their turn, if they chose to stand the chance of Exchange on the succeeding days.

To whom was the application directed to be made?—To myself.

How did you take down the application, so as to give drafts in the order you have mentioned?—By at all times, when there was a demand on the Treasury greater than could be supplied within the day, entering the names of the applications in a book, in the order in which they applied.

Was that a regular course, whether the demands were greater or not?—No.

How then did you know, until the applications were made, whether the demands would exceed or not?—It was evident from the number of persons in waiting, they always coming nearly about the same hour.

How then did you ascertain the preference in such cases?—From the first person who applied to me, from the whole altogether, and so on to the second, third, &c.

Did not numbers apply at the same time?—There have been instances of 50 persons or more being in the waiting room at one time, and as to preference none has ever been shown; the particular orders of the Lords of the Treasury always have been to accommodate the public with those Bills, without favour or preference, and every endeavour has been made to comply literally with that order.

If you could accommodate only 30 out of the 50, how are they selected?—By those who first pressed nearest to get in their names.

Were those who were not able to press near enough, and were disappointed that day, did they receive any preference the next?—In all cases where they desired it.

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Was there not an order of the Treasury, that no person should receive two drafts of £. 1,000 or £. 500 each in the same day, if there were other applicants waiting?—Yes.

Did you ever know that order evaded by persons getting others to apply in their own names, after they had received a draft themselves?—I have heard, and do believe, that it has in many instances been evaded.

Have you heard that the drafts so given by the Treasury, have been sold by the persons receiving them, or retained in small parts at a profit?—I have heard of Treasury drafts being sold on the Exchange at a higher rate; I believe those instances have indeed been very few; and I have been informed, that many people, being dealers in Exchange, take Bills for the purpose of transmitting them to London as a fund upon which occasionally to draw. The Lords of the Treasury gave it to be understood, that if a Bill of theirs was sold on the public Exchange, the persons so selling should be deprived of any future opportunity of the like kind, as a Bill would not in future be given to them, and therefore such few as have been disposed of in that way, have been done in so secret a manner that I never could discover the names of the parties, though I have heard the report.

Do you mean that the Drafts now given are only for the exact sum of £. 500 each, neither more nor less?—No; £. 500 the lowest, and not any decided limit as to the highest; the Treasury, since the time commenced of granting Drafts for £. 500 and upwards, being under the necessity of taking all the money off-rod.

When they were in the practice of drawing in sums of £. 1,000, neither more nor less, how were persons accommodated who wanted drafts over or under that sum?—I presume from Bankers or other dealers in Exchange.

How do you prevent two or three persons from getting in one Bill for each, the whole amount of the sum to be drawn, since there is now no limitation of amount to the Drafts?—Application has not been made for a Draft to any considerable amount, not I believe more than 5 or 1.6,000 in one Draft; if application were made for a sum tending to take the necessary powers out of the hands of the Lords of the Treasury, I presume they would refuse it.

Has the change of drawing from three days to twenty-one days sight, had any effect on the rate of Exchange?—Not as to the Drafts of the Lords of the Treasury.

Do you mean to state, that no book has been kept at the Treasury for the purpose of entering the applications for Drafts, in order to ascertain the priority?—I do not.

Has any such book been kept?—I have before stated that there has.

By that book, do you mean a book to enter the applications in each day, prior to any Drafts being given, or only to enter the applications that could not be satisfied on that day?—Whenever the Treasury drew but for a particular sum, the names were entered previous to any Bills being drawn; where there was no limit as to sum, the names were not entered, it being only for the purpose of giving priority where all could not be served; this book was kept by the particular desire of the present Chancellor of the Exchequer, for the purpose of putting it out of the power of any person to say that partiality was shown; his directions even went to the extent of putting down the name of every person applying, whether the sum was limited or not, and so far as has been practicable those directions have been complied with; but the press at times, when the sum has been unlimited, has been so great, as to render it impossible, consistent with the other business, to make those entries.

When you mentioned in your former evidence, the press of people being so great, fifty people in the room at a time, was that press for the purpose of getting their names entered or getting their Drafts?—For the purpose of first applying for the Bills, and afterwards coming for them.

Were the persons, who in your former evidence you have stated to come foremost out of the crowd as they could get up, entered in the book as they came up?—No, where the crowd was great it was impossible, each came with a slip in his hand, as

“£. 1,000 British, A. B.” or any names; those were taken to the amount designed to be given, and such only as could not be supplied, were entered in the book at times, when there were such numerous applications.

Is there not a document relating to this subject, known at Dublin by the name of the "Weekly Abstract?"—No.

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Is there not a weekly abstract of receipts and payments kept at the Treasury of Ireland?—There is.

Are the contents of that abstract made public, or deemed a secret document?—They are not made public, being only an official document.

Are they open to inspection on demand?—Not open to the demands of any individual but those concerned in the office.

Does any thing more appear in that abstract than the gross amount of receipts and payments?—Yes, one side of the abstract contains the balance at the end of the former week; the receipts into the Exchequer in the course of the week, distinguished under its respective heads, the total of which forms the charge against the Teller of the Exchequer; the opposite side contains the issues of the week, distinguished also under its respective heads, together with a balance, forming the total of the opposite side.

Does it not contain the variation of Exchange as applied to the sums mentioned?—No, it has contained the sum drawn in the course of the preceding week, and the profit or loss by Exchange, from which the variation might be discovered by calculation.

Is there no document in the Treasury which shows the variation of Exchange at all times, as to its receipts and payments?—There is, of every day; a book is kept in which the Bills delivered are individually entered, together with the rate of Exchange of the day; and in addition, Messrs. Puget and Co. receive advice from the Secretary of the Treasury of the rate of Exchange of each day's drawing.

Has your experience in the business of the Treasury of Ireland suggested to you any cases which, in your opinion, operate on the Exchange between London and Dublin?—It is a subject of so great and complicated a nature, that, in my mind, it is only fit to be spoken upon by those who have made it their more particular study.

Do you not think, if the amount of Bills drawn by the Irish Treasury on London were to be considerably increased, that such Bills would lower the Exchange?—I do conceive, that had the Treasury the power of drawing for a sum, equal in amount to the debt due by Ireland to England, and through England to all the world, that Exchange would be reduced to par; if more, according to that greater sum, it would be reduced below par proportionably.

Are receipts and payments in the Treasury of Ireland made generally in Bank of Ireland notes, or how otherwise?—All payments of large amount are made by drafts on the Bank of Ireland; those of small amount, say under £. 100, are made in Bank of Ireland notes in the Teller's Office, and never otherwise.—Receipts are, as I believe, taken in the Teller's Office in any Dublin Bank Paper that may be offered, and they are immediately lodged to the credit of the Teller in the Bank of Ireland, who exchanges them with the private bankers, if there be any such private paper paid in.

Can you judge what proportion there exists between the public and private Bank Paper received in the Teller's Office?—The proportion of private Bank Paper must indeed be very small, as far as I can judge at present.

Is there any order of the Treasury, confining the payments made by the Treasury to Bank of Ireland notes, or is it the effect of custom or convenience?—It is in compliance with the law, and the Lords of the Treasury have always expressed their desire that there should be no evasion of it.

What law do you mean?—I believe it is by an Act of 35th of the King, for regulating the receipts and payments of the Treasury.

Can you say by what authority it is that the Public Money is paid into the Bank of Ireland?—I believe, under the authority of the same Act.

Witness desired to look at the following Address in the Irish Journals of 22d July 1782; viz.

"That an humble Address be presented to his Grace the Lord Lieutenant, that he will be graciously pleased to lay before His Majesty, the humble desire of this House, that so soon as the Bank, by the name of the Governors and Company of the Bank of Ireland, shall be established, in pursuance of an Act passed this Session of Parliament, His Majesty will be graciously pleased, if he shall think fit, to order that his Vice Treasurers, Receivers, Paymasters General, and Treasurers at War, their Deputy or Deputies, do deposit in the said Bank all Public Monies which shall be then in their hands, and likewise from time to

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time all sums which shall be thereafter paid to His Majesty, his heirs and successors, for or on account of any duties, aids, revenues, or taxes, and that His Majesty may be graciously pleased to make such compensation to the Teller of the Exchequer, for the trouble or loss he may sustain thereby, as to His Majesty shall seem meet."

Whether it is not under the authority of His Majesty's orders, in consequence of the said Address, that the Public Money has been paid into the Bank of Ireland?—I cannot say that I ever read or heard of this Resolution before, nor do I know of any directions given in consequence; that Address was long previous to the establishment of the Treasury on its present footing.

What effect have the temporary Drafts of the Treasury had, from time to time, upon the Exchange between Dublin and London?—That of always lowering it, until such time as the dealers did conceive the powers of the Treasury were near exhausted, from which time it generally rose, particularly if a sum to be given each day was limited.

Was the limitation of the sums known prior to the Drafts being made?—Not to the public.

How then did the dealers know it?—They did not know the exact amount that was issued, but they knew there was a limit, by some of their demands not being complied with, the object of the Treasury always having been to keep the public as much in ignorance as possible, either of the sum to be drawn in the whole or in part, in order to prevent speculation as much as in their power.

How many days might the Treasury continue drawing at a time?—I do not recollect the Treasury ever drew for a shorter period than from a month to six weeks, three times a week, and frequently they have been extended to much longer periods. It has always been the practice of the Lords of the Treasury to extend their periods of drawing to the greatest length, consistent to their situation, with a view to prevent and control speculation.

How long may the periods be between their drawing?—They have been so very different that I cannot take upon me to say.

Have they been at any time, within the last year, a month?—They have.

Have they been more?—I do believe they have.

What was the general fluctuation of Exchange between the times when the Treasury were drawing, and when they were not, in the last year?—From 1 to 4 per cent.

In what Paper are the army agents and yeomanry agent paid in Ireland?—They are all paid by Drafts on the Bank of Ireland, and of course I conceive in Bank of Ireland Paper.

In which Paper do they pay the army and yeomanry in general?—I have heard that some of the army agents pay in Bank of Ireland Paper, others in the Paper of private Banks.

Can you say as to the yeomanry agent?—I cannot say of knowledge; but I have heard that he pays in private Bankers paper, but I cannot say that I have heard it from such authority as I can entirely rely on.

What was the amount of the weekly issues to the yeomanry agent while the yeomanry were on permanent duty?—I should imagine, on an average, from £20,000 to £30,000.

What were the monthly issues to the army agents?—I must take it very wide, from £150,000 to £200,000.

Do you know of any orders issued to the army agents or yeomanry agent, relative to the Paper they were to pay the troops in? I do; the Lords of the Treasury, in frequent conferences with the several army agents, gave them to understand, that it was expected the whole of the remittances for the subsistence and other charges of the army should be in Bank of Ireland Paper. It was very lately understood by their Lordships (within a month) that a contrary practice prevailed, to an extent which demanded their official interference by order; and they called for the attendance of the agents for the army and yeomanry, and gave positive directions that the whole of such military expenditure should be remitted or paid in Bank of Ireland notes.

If an uniform and never-ceasing power of drawing on London could be established, would it not tend to keep the Exchange steady?—Certainly, in my opinion.

*Mercurii, 23^a die Martii 1803.*Mr. Crofton.

JAMES CROFTON, Esq; again Examined.

Question put to the witness yesterday. Whether it is not under the authority of His Majesty's orders, in consequence of the address of the House of Commons in Ireland, that the Public Money has been paid into the Bank of Ireland? being again read:

CAN you give any further answer to that question?—On looking into the Act 35 George III. which I yesterday mentioned, I cannot find any directions for making the payments into the Bank of England: I however find a resolution of the House of Commons referred to in that Act; and not being able to find any law to that effect, must conclude it to be under the resolution of the House of Commons.

Can the books which you mentioned to be kept of the entries of the names of persons applying for Drafts be produced to the Committee?—It can.

The witness, in addition to an answer give by him yesterday to the questions, Was it the habit of the Lords of the Treasury to order their Drafts to be at a lower rate of Exchange than the lowest of the preceding day; And how much lower in his recollection? states, that when he said yesterday never more than 1 per cent. and very seldom to that extent, generally 1, or from that to 1, one particular transaction escaped his memory, namely:

In the month of September last demands had been made on the Treasury in one day, when the Exchange was at 13 per cent. as well as he recollects, for Drafts on London to the amount of about £.150,000, which were accordingly given; the day next but one similar Drafts were applied for to nearly the like amount, and it was thought advisable by the Lords of the Treasury not to give Drafts to so large an amount on that day, but to issue them at the rate of £.30,000 per week, but to continue the Exchange at the same rate, namely, 13 per cent.; and those persons who had applied on the day last mentioned were given to understand that their demands should be complied with in rotation, if they chose to wait the period of their turn, and take at that Exchange; £.10,000 was accordingly issued on that day, and on the following day the Exchange in the market getting a considerable rise, he believes to 16, the Lords of the Treasury, on first consideration, did not feel themselves justified in continuing to issue Bills to so great amount as still lay on the book at so reduced an Exchange as 13, where the market had so considerable a rise, and therefore they ordered the Exchange to be charged as the rate of the preceding day. This occasioned considerable murmur among the dealers, whose names were on the book, and they actually charged it as a breach of faith, and he believes, memorialized the Government on the subject; who, having referred the subject to the further consideration of the Chancellor of the Exchequer and Lords of the Treasury, it was thought advisable to issue Drafts to all those who were upon the book, at the rate of 13: and, in order immediately to give operation to the Lords of the Treasury on the market of Exchange, it was ordered that the whole of the persons should be supplied in one day, instead of at the rate of £.30,000 per week, and they were supplied accordingly.

Had the issue of the £.140,000 at 13, any effect on the Exchange?—I cannot recollect.

Is it your opinion, that the statement of the rates of Exchange will show it, upon being referred to for the days on which the transactions took place?—It is.

On what days did the transactions take place?—I cannot at present say, but will obtain the necessary information for the Committee.

Is it ever known to any other person than yourself what are the amount of the applications for Drafts at the Treasury, or the applications themselves?—It is known by the Lords of the Treasury, their Secretary, and the Clerk or Clerks who must necessarily be employed in filling the Drafts, giving advice of the Bills, or making entries thereof.

Is it understood those Clerks are bound to secrecy?—Certainly.

Martin, 10th die Aprilis 1804.

Mr. Frank,

THOMAS THORPE FRANK, Esq, Exchange Merchant of Dublin,
Examined.

DO you know any thing of the state of the Silver Coinage in Ireland?—I do know of its state in Dublin; it is of the very worst possible description, and the different retail traders, who of necessity receive it in payment for their goods, are in a great measure unable to pass it after they have once received it. I understand that since I left Dublin, which was on the 23d March, there has been a general determination not to take it at all, which has occasioned much public disturbance there, the public offices, particularly the Treasury, refused to take it from the Post Office, and in consequence the postmen refused to take it from the public, and detained their letters; I believe this to be the first cause of the alarm; I mean by the Treasury, the Treasury at the Castle.

Was there any other circumstance which created the disturbances you allude to, or in any way gave cause to them?—I do not know of any other but what I have stated; but for some time previous to that, in going to market, the sellers of the necessities of life required a higher price for their articles, if to be paid in Silver; the way the difficulty was managed to those who could afford it or get credit, was to let it run up to a Guinea Note, and then to pay it.

How was the state of the Silver Coin in the rest of Ireland?—I do not know of my own knowledge, but I understand in the North the Coinage is of a better description, a very little in the rest of any description, as in the other parts of Ireland they substitute Silver Notes.

State the nature of the Silver Coin, whether it is real silver or base metal, and what may be the average value of it?—The best description I understand to be Silver, but very light; and that description is worth 9s. for each Guinea's worth; but what has been lately coined is a mixture of base metal, and the intrinsic value of each, 21s. thereof, is not more than 5s. that is a mixture, and a base Coinage; the value I have mentioned, I understand from others more than from myself; the description of Coin now shown to me, as the Coin of Dublin, appears to me to be of the best sort; for, on leaving Dublin on the 23d, I sent a Guinea Note to a retail shop for Silver, and received what I now produce, which had then got into circulation, and which is of the worst sort now going. I understand, if persons know how to apply to the makers of that money, they will get at least 30s. of it for a Guinea. Crowns and half crowns seem totally to have disappeared for 12 or 13 months; and sixpences of any sort are very scarce, as it is not worth the while of people to make them.

Are there any dollars in circulation there?—I have never seen any of late.

Have you heard there have been any importation of dollars in Dublin?—I have not.

Any selling of dollars in Dublin?—No, but I saw in a Dublin newspaper, dated 6th April, an advertisement, stating, that there are on sale three dollars for Bank notes for 6s. 6d. each.

How much per cent. above the value of dollars here, are dollars at the above rate?—About 17 per cent. above the value at which they pass here.

How did those dollars get into Ireland for sale?—I presume from this country.

Has any remedy occurred to you for Silver Currency in Ireland, or for a substitute for small change?—None, unless the Bank of Ireland, or very solvent individuals, were to issue Silver Notes, as is done in the country parts of Ireland.

Do not you think the procuring dollars for Ireland would answer better?—Certainly, but unless there was a large quantity issued, and at a price exceeding their real Value, I should apprehend they would be soon melted down by the owners, if the currency of the present Silver is longer permitted.

How much above the real value, at which they pass in England, would it be necessary to issue them in Ireland, in order to preserve them in circulation?—I have great doubts if at above 1s. of their present value would be sufficient.

What would you understand the current value in England to be?—About 5s. 5d. Irish currency.

Is the making and issuing the base Money you have alluded to a punishable offence in Ireland?—I understand as a misdemeanour only, not as a capital offence; and my reason for thinking so is, a number of individuals having been detected

detected making it, they were indicted and acquitted of the capital part, and convicted of the misdemeanor.

Was the indictment laid against them as a capital charge?—It was, and there was also another count in the indictment as a misdemeanor.

When you mention that dollars would be necessary in a large quantity, can you state that quantity to the best of your opinion?—On account of the almost total disappearance of half guineas and 7 s. pieces, I am convinced that to the amount of £. 200,000 would be necessary. I speak for Dublin alone; and for all Ireland, a much larger sum. I take for granted, they will naturally spread from Dublin into the country.

Was the refusal you have mentioned at the Treasury of taking Silver from the Post Office, accompanied or preceded by any public notice from the Treasury respecting the state of Silver Coinage?—I do not think it was, but the refusal took place since I left Dublin.

Do you know the time that elapsed between the refusal of the Treasury, and Sir Evan Nepean's letter to the Mayor of Dublin of the 28th March?—I do not.

Have you seen Sir Evan Nepean's letters to the Lord Mayor upon that subject?—I have seen them in the newspapers, and those which I now deliver are taken from the newspapers.

Letters read, and are as follow :

Dublin, 28th March 1804.

" At a Meeting of the Right honourable the Lord Mayor and Board of Aldermen, to take into consideration the present state of the Silver Coin, they resolved, that the Lord Mayor and the Superintendent Magistrate (Alderman Alexander) be requested to wait on the Right honourable Sir Evan Nepean, Bart. and communicate with him respecting the same, and then adjourned until this day; and having again met pursuant to said adjournment, the Lord Mayor communicated to the Meeting the following Letter which he had received from Sir Evan Nepean, and which they lay before their Fellow-Citizens :—

" My Lord, Dublin Castle, March 28th 1804

" The fullest consideration has been given to your Lordship's representation of the inconvenience occasioned to the Inhabitants of the City of Dublin by the badness of the Silver Coin, and the difficulty attending the purchase of all articles of small value.

" Your Lordship may be assured, that it is the anxious wish of Government to afford every possible degree of accommodation to the Inhabitants that the circumstances will admit of, and with that view measures will be taken for procuring Dollars and other Coin to supply the circulation; but, from a variety of considerations, it must be obvious to your Lordship, that any measure of that nature cannot be carried into execution for a considerable time to come. In the mean while, it appears expedient that the impossibility of procuring an immediate supply, and the necessity for some circulating medium, until such supply can be procured, should be generally understood; as an opinion that the Silver Medium now in circulation would be immediately cried down, has probably, in a great measure, occasioned the refusal to receive in payment this Coin.

" It must be obvious that greater loss must be suffered by dealers of all descriptions, from the stagnation which would be occasioned by stopping at once the currency of this Coin, without any other medium to supply its place, than could be suffered by a continuance of the practice which has so long prevailed, and that the labouring people and the poor must suffer severely.

" I have the honour to be, my Lord,

" Your Lordship's most obedient, humble Servant,

" Evan Nepean."

To the Right Hon. the Lord Mayor, &c.

" On Saturday last (March 31) the following Notice was distributed and published throughout the different markets and principal streets by beat of drum :—

Mr. Frank,

"At a meeting of the Right hon. the Lord Mayor and Board of Aldermen, held at the Mansion House this Morning, to take into consideration the present state of the Silver Coin, they requested the Lord Mayor, Recorder, and Superintendent Magistrate, should wait on the Right hon. Sir Erskine Nepean, Bart. to present to him the distresses of the artificers and manufacturers, since the Silver Coin was refused in payment; when Sir Erskine Nepean was pleased to hand to them the following note for public communication:—'That there is no intention at present of ordering the discontinuance of the receipt of the best of the Silver now in circulation, at the Public Offices as usual.' Resolved, therefore, that we recommend it to our Fellow-Citizens, to take in payment the best of the Silver Coin now in circulation as usual."

In the latter letter what do you suppose is meant by the best of the Silver?—I suppose Sir E. Nepean means that Silver which I have described to be worth gr. for a Guinea's change.

What proportion does the quantity of that best Silver bear to the worst Silver in currency?—I should suppose about an equal quantity.

Do you understand that the Silver which the Treasury refused to take consisted in the whole or in part of that baser Silver?—I conceive they refused both the one and the other.

Was there a larger proportion of the baser Silver in it than they had received before?—The baser Silver was every day getting more and more into circulation.

Can you form any opinion of the quantity of those two kinds of Silver which is in circulation in Dublin?—I have no doubt there is £.200,000 in circulation in Dublin of both sorts. I know individuals who have £.700 or £800 of it which they cannot get off; I mean retailers; and by the word circulation, I mean in existence.

Can you form any judgment of the quantity in circulation out of Dublin?—I cannot, on account of the circulation being carried on by Silver Notes almost exclusively throughout the country of Ireland, excepting the North.

If Silver Notes were issued in Dublin, would they not drive Silver out of circulation there?—I think they would in a great measure, and the sooner they drove the bad Silver out the better.

Would they not drive the good Silver out likewise?—A certain quantity of Silver, and that of the best description, would necessarily remain in circulation, inasmuch as the smaller Silver Notes heretofore issued are for 3s. 6d. British, and change of them would be wanted.

Would they not tend to increase the quantity of Paper in circulation?—I do not think it would necessarily follow, if the Bank of Ireland did not increase their issue, supposing the Silver Notes to be issued by them, which would require their Paper already in circulation to pay for such Silver Notes, and they would diminish their small Notes in proportion.

Would not the effects you have mentioned of the issue of Silver Notes be considerably influenced by the continuance or non-continuance of the refusal on the issue of Specie?—I do not think it would, inasmuch as when the restriction shall be taken off the Bank of Ireland cannot be supposed to have Silver to issue.

How long since has the baser Silver, of which you have spoken, appeared in any quantity in Ireland?—I think about six months; and my reason for thinking so, is, the acquittal of the capital charge the men tried for coining, who were of the better sort, gave an encouragement to others to follow the same practices; and that trial took place about six Months ago. I imagine the worst Silver is not increasing now, as there is a great check put to it by people refusing to take it.

Was there not great complaint, previous to the trial, of bad Silver in circulation? There was; but the quality at that time was better than it has since been.

Do you mean, when you mention the price the Dollar ought to pass for in Ireland, that it should be 12 per cent. above 5s. 5d. Irish?—I think it ought to be that at least, viz. 6s. 6d. Irish; more particularly while the Exchange continues so high.

Were you in Dublin at the time when the transaction is said to have taken place, of the Treasury refusing to take Silver that was common with currency, from the Post Office?—I was not.

Do you know the fact to have been so?—I do not, but I believe it to be so; and may

Mr. Frank.

my reason is, the day before I left Dublin I had some conversation with the gentlemen of the Post Office on the subject of the bad Coin, and they accounted to me for the facility with which it was continued in circulation, by the postmen taking it in payment of Letters, which they did, and would continue to do, while the Treasury would take it from the Post Office.

Did the officers of the Post Office, to whom you allude, state there having been any orders received in that department from any higher authority on the subject?—They did not; nor do I conceive at that time there had been any such orders received.

Do you know of any orders of that nature since?—Only through the Newspapers.

Was the Silver Coin in Ireland inferior to the silver Coin in England, prior to the restriction?—It was ever since I knew the Silver Coin of Ireland.

Was it inferior in the same proportion it is now?—By no means, and in former times, before the restriction, the proportion was not more than 5 per cent.

Has it not since that period been getting gradually and uniformly worse?—Certainly it has.

Do you think that the depreciated state of the Silver Currency of Ireland has been produced by the restriction?—I do not.

Do you know the state of the Copper Coinage in Ireland?—I do; the Copper Coinage of Ireland, as compared with the Copper Coinage of England, I conceive to be infinitely better than the silver currency of Ireland compared with the Silver currency of England, and it is in fact scarce in Dublin, on account of the small number of Sixpences in circulation, and it is taken in small quantities; I mean 2 or 3 Shillings, in preference to Silver.

Is the Copper Coin of Ireland a Mint Coin?—The greater part of what is in circulation is not; it is what they call *Cumbracs*.

Explain what you mean by "*Cumbracs*"?—I mean Halfpence made by a Person of that name, a proprietor of Copper Mines, with a device upon it, not the King's face.

Are there many Copper Pence in Ireland?—Very few.

Any Farthings?—Not any.

Is there any difficulty in obtaining Copper Coin?—There is a difficulty now in obtaining it, arising from its scarcity, and the preference given to it over Silver.

Will there be any difficulty in obtaining more Copper Coinage for Ireland?—I should think none.

Would you recommend the introduction of Copper Pence?—Certainly.

JEREMIAH D'OLIER, Esq; one of the Directors of the Bank of Ireland: Examined.

Are you a Merchant there?—I was in the Ballion business in Ireland.

Do you know the state of the Silver Currency in Ireland?—I do; but I would, from what appears to me to have been the tendency of the examination this day, wish to consult my Papers, and reserve myself for another day.

Mr. D'Olier.

Jouis, 12^e die Aprilis 1804.

JEREMIAH D'OLIER, Esq. again Examined:—

CAN you state the situation of the Silver Coin of Ireland?—It is extremely bad. In what respect?—In point of quality and weight.

State the particulars, as far as you can.—The day before I left Ireland, the alarm and stoppage of the circulation of this base currency induced me to have some of it weighed, and I found that it took at about 126 *z.* or 6 Guineas to the pound weight; at the same time I tried the weight of Mint Silver, such as is to be found, though not much in circulation, and greatly worn; I found them to be about 4 Guineas and *ea* half to the pound weight, 94 *z.* and 6 *d.*; the Mint Silver is delivered at 62 *z.* the pound weight; after reducing it, it appears the base Silver by weight is worth less than half its currency; but afterwards it is to be taken into consideration, how much further it is to be considered as reduced in value by the deficiency of the standard. I consider, in the first instance, the dif-

Mr. D'Olier.

ference between the Tale Value and the Mint Issue, which amounts to £. 3. 4 s. in the pound troy, and secondly, whatever difference there may be between the standard at 11 oz. 2 dwts. of fine Silver the pound troy, and the value of this base Coin, which may, perhaps, contain not more than from 4 to 7 oz. of Silver in the like pound.

What do you suppose may be the average value of the base Silver Shilling? — That is very difficult to state, on account of their different quality; the best is not worth Sixpence, and the worst, perhaps, about half that value; but this I state only as matter of conjecture.

Did any thing lately occur in Dublin to prevent circulation of this base Coin? — From my own knowledge, I cannot say any thing; from hearsay, I have heard it has been refused at some of the public Offices.

Was it generally refused throughout Dublin? — It was.

How long is it since the base Coin has been in general circulation in Ireland? — It is an evil that has been long growing; long before the restriction.

What do you impute its growth to? — I impute its growth, in the enormous manner in which it has latterly increased, to the insufficiency of the Laws to punish offenders when prosecuted; the prosecutions, instead of leading to punishment, explained more publicly the insufficiency of the Laws; and one of the means of evasion was, that they did not strike an impression, but only cut out the metal in the form of a Button, that which was afterwards sold and circulated for Shillings.

State the manner in which this Coin has been originally circulated. — The makers, either by themselves or their Agents, sold it to persons who had an opportunity of circulating it, as well as they were able, at the rate of twenty-eight to three, four, and five and thirty Shillings for the Guinea. I speak this only from general information, which I had from report, and which I believe to be true.

Do you know of an Act in Ireland for laying a penalty on buying Gold for less than the currency, unless it is cut? — I do.

Do you apprehend that the extension of similar penalties to the purchase of Silver for less than the currency would be productive of beneficial effects? — I think it would certainly be attended with beneficial effects, but would not answer the end; the ground, as I apprehend, on which that Act was passed, was for the purpose of preventing the re-circulation of Gold bought up to be re-coined, as being deficient in weight but not in standard; some of the buyers of which had circulated some of that again, for which they had been paid for by the holders to send to the Mint for re-coining.

Can you suggest any remedy that would be beneficial to prevent the counterfeiting of Silver Coin? — I am not prepared to answer that question.

Would not the substitution of a good Silver currency answer as the remedy? — I have no doubt it would, and I believe the most effectual one; by the word currency, I include more than the Coin of the Realm.

Does any mode occur to you of procuring that sufficiency of currency by the circulation of Dollars? — Presuming the procuring of Dollars is practicable, of which I really cannot say any thing, I would prefer that to a recoinage at the Tower; for this reason; no Silver can be coined from the Tower at a higher price than £. 3. 2 s. for the Pound troy; and I conceive that the present distress to be remedied, is not to be by any thing that will permanently change the relative value between Gold and Silver as established in this country.

At what price should Dollars be made current in Ireland under the present circumstances? — It is a question of difficulty; I have formed opinions of my own, which I am ready to give.

State them. — Taking for granted that they are to circulate in England at 5 s. British each, which is very considerably beyond the Mint price of Silver, and which I conceive to be only justified by necessity, it will be necessary to add a further additional value in Ireland, to meet the present course of Exchange; the price, I think, may be for that purpose about 5 s. 6 d. English, or perhaps to advance as far as 6 s. Irish, which will be one halfpenny more, according as it may be found most convenient on the final determination.

How much per cent. would that make the Irish value more than the British? — It is exactly 10 per cent.; being 5 d. upon 5 s.

Would that advance, in your opinion, be sufficient to keep the Dollars from being melted down in Ireland? — It would, I believe, provided that there was something decisive done in putting the base Coin out of circulation.

Would

Would the profit that would arise from the issue of Dollars at that rate, be sufficient to compensate the loss that must accrue when they shall come to be called in?—You are to consider, that you are now inquiring for a remedy for the deficiency of Coin, when the Silver is at an excessive price, and of course, whenever a Silver Coinage shall take place it is to be presumed that the price will be much lower, and in course the loss will probably be considerable.

Do you mean that there would be any other loss, save only the difference of price between Silver now, and then?—I am inclined to believe there could not, if the re-issuing them is made upon the principle that Mr. Boston is now practising; but there is this to be particularly considered, that the circulating of any Coin considerably above the Mint price of the country where it is circulated will be attended with an abuse from foreign Mints, and perhaps an excessive circulation might, under the circumstances of a favourable Exchange, or a profit exceeding the usual course, take place, and become afterwards burthensome to the Public or the Government, if they were obliged to make the deficiency good, unless the quantity be limited, which I am clear it ought to be, by a stamp or other remedy.

Can you form any opinion what that limited amount should be, for the present circumstances of Ireland?—I imagine about £. 400,000 or £. 500,000 Sterling would be a supply that would answer my ideas upon that subject.

What do you consider the present value of a Dollar as Bullion?—I believe about 4s. 4d. British upon the Mint price, and 4s. 10d. on the market price; supposing Dollars to be worth 5s. 7d. an ounce.

In proportion as the Irish Bank Note of One Guinea has gradually come to represent a smaller number of ounces and pennyweights of Silver Bullion, does it not of necessity follow that the Shillings which are exchanged as fractional parts of that Bank Note of one Guinea will also contain a less portion of fine Silver?—I cannot presume there has been any depreciation of the Bank of Ireland Paper.

In what manner, if Dollars were so issued, do you think the Silver necessary for the fractional parts of that Dollar could be supplied?—I apprehend that a considerable quantity, though not sufficient to supply the general circulation of worn Mint Silver would appear provided that all the base Coin was at once put out of circulation.

Do you conceive that such an issue of Mint Silver as you speak of for the fractional Parts, would preclude the ingenuity of coiners from being exercised in melting down the Dollars, and converting them, with adulteration, into fractional parts, or into representations of Shillings and Sixpences?—I think, if the Laws were made sufficient, and fully executed, that it would. I do not believe that the recollection of good Silver is so totally lost in the minds of the People in that country, as to suppose them incapable of distinguishing between the good and the bad; I consider it as a measure of necessity their latterly accepting the base Silver; I think that there is at present worn Silver in the country which does not appear, every body being anxious to put off the bad.

What do you understand to be the circulation in the country parts of Ireland for all sums under a Guinea?—Part of it is supplied by the circulation of Paper, called Silver Notes, part of it by the circulation of Silver; but whether good or bad I cannot say.

In what parts does the circulation of Silver Notes principally prevail?—I believe generally throughout the south. I understand that some time ago about forty Banks were registered; and other houses circulated without being registered.

Have any inconveniences or losses attended that species of circulation called Silver Notes?—I believe there have to the holders of those Notes.

Through what means?—By the inability of the Persons who issued them to pay them.

Are those notes more liable to forgery than Bank of Ireland Notes?—They are more liable, and the reason is, that it is impossible for any person emitting any considerable quantity of that Paper to provide the necessary Checks.

Do you think that the increasing the issue of Silver Notes in Ireland at present would be advisable?—I think not; I think it would be attended with a great deal of difficulty at a future day, in increasing one of what I think the greatest evils that could happen to that country; I consider it a very great evil when persons going to receive a great quantity of Money are to receive a great quantity of small Notes, or not to receive it at all; I know that the quantity of small

Mr. D'Olier.

small Notes to be given in payment may be restricted by law, but it cannot by practice.

Would you think the issue of small Notes in Dublin to be an adequate or advisable remedy?—I do not; I wish to add, that in stating £.400,000 or £.500,000 of Silver Currency to be probably necessary, I had in my contemplation the supply of Ireland, and the addition of a sufficient Copper Coinage.

What would you deem to be a sufficient Copper Coinage?—I think that the necessary supply would amount to £.100,000.

What is the state of the present Copper Currency in Ireland?—It is very bad; very little of it Mint Copper.

Would any difficulty or expense attend the immediate procuring of Copper Coinage?—I cannot say there would be a difficulty; and as for the expense, it would be issued as a manufacture. I believe, that the last Copper Coinage for England was issued at 18d. for the pound weight of Copper, I mean Bolton Coinage, to meet the natural Exchange between England and Ireland and the present Exchange, and to pay for the expenses of transporting it; I believe it would bring the number of halfpence in the pound to about 49 halfpence, taking Copper at 143 pounds the Ton weight, that is, taking it as a measure to pay all its own expenses, and at the present price of Exchange.

Through what channel would you propose, or by what means, an immediate supply of Copper for Ireland; and is the Bank of Ireland ready to undertake it?—The Bank of Ireland would undertake it, or any thing of that kind, but under the direction of Government, whom they consider it their duty to assist as far as their own trouble could go.

Can you form any opinion of what may be the gross amount of the deficiency in the value of the Silver and Copper Currency?—With respect to the Silver Coin, it is exceedingly difficult to form an opinion to answer that question; I would hope that £.100,000 might possibly cover all losses that would occur to individuals on it; but it really is so difficult to form an opinion, that I would rather wish to decline the question. The bad Copper Coin will find its way out of the country as it has done before; and though it would produce a temporary inconvenience to individuals, it would be attended with little loss in the end.

JOHN ROACH, Esq. Merchant of the City of Dublin:—Examined.

Mr. Roach.

I HAVE connections in houses in Cork and Limerick, and other parts of Ireland. Can you give any information of the state of Silver Currency in Ireland?—I conceive it almost to be totally suppressed in the southern parts of Ireland; indeed, wholly suppressed.

What is the vacuum supplied by?—By the issue of Silver Notes.

What is your general opinion upon the nature of these Notes?—I consider their issue as prejudicial.

In what respect?—That they have tended, in the first place, to take away the whole of the circulation of Silver that had been in currency, and in the next place, that the increasing issue of Silver Notes, together with the increasing issue of private Bankers Notes of every other description, has tended to enhance the articles of the export trade of Ireland above their natural value, and that it has injured the articles of those exports in foreign markets; that it has also created a degree of false credit in the southern parts of Ireland, which has of course also enhanced the price of lands, &c.

In what proportion?—I cannot say in what proportion, it being a mere opinion of my own; I conceive small Notes, as well as Silver Notes, to have had the same effect, and to have increased the general circulation of Paper.

Can you form any opinion of the quantity of Silver Paper circulating in the City of Cork?—I suppose between £.150,000 and £.160,000, and in Limerick about £.60,000.

Are there more Silver Notes in Cork and Limerick than would be necessary to answer the purposes of circulation?—In my opinion, there are.

Is the facility of borrowing money, or in other words, getting discounts, increased?—In my opinion, the facility of borrowing is increased by the greater issue of Paper.

Is the current rate of Interest lowered?—Not in the South of Ireland.

What is the current rate?—It remains at 6 per cent, which is the legal rate.

By what rank of people are Silver Notes issued?—By Bankers of the South

of Ireland in general, and by some particular traders also in that part of Ireland, as I understand.

Have you heard of any of those having failed?—No, not lately, in Cork or Limerick.

Has not the issue of those Notes necessarily increased the necessaries of life at home, as well as articles of export?—They have. I have Brothers, Bankers in Limerick, and also in Cork.

Has any mode occurred to you for restoring the circulation of Silver in Ireland?—No other than that of procuring Dollars.

Do you think that would be attended with much difficulty?—I should suppose not.

Do you know if it has been thought of in Ireland?—It has been suggested by myself to the Irish Government, and I have made a tender myself of a supply to the amount of from 300,000 to 500,000 Dollars in the month of December or January last.

Had that proposal been accepted, at what period could you have fulfilled it?—200,000 Dollars immediately, and the remainder in the course of two months.

What hindered its being accepted?—It was afterwards mentioned to me that the Irish Government had made an arrangement with the Bank of England for a supply of them.

Did you mention any rate at which the Dollars might be current?—It was rather a general proposal; but it occurred to me I might supply them at the rate of the price of Dollars of the day in Lloyd's List, and the rate of Exchange of the day.

Has there not been a great increase of the bad currency since that time?—There has certainly been an increase, but not in a greater degree than usual; it has been increasing the most mischievously within the last 12 months.

Can you speak of the rest of the South of Ireland?—The same consequences attend Tipperary, Kilkenny, Wexford, Kerry, and Waterford, as to the issue of Silver Notes; the number of forgeries throughout the Southern parts of Ireland have been very great.

Do all the Bankers in the South issue Silver Notes?—They do.

Do you know any issues of Silver Notes in Waterford, &c. to have failed?—Not lately.

What is your opinion of the expediency of silver Notes?—They ought to be suppressed, as soon as it can be done, by a supply of Silver; there is still a very good supply of good Silver in the South of Ireland, which remains locked up, and that Silver would come into circulation if small Notes were suppressed.

Is the provision trade flourishing, or falling off?—It has fallen off, and this year considerably.

Veneris, 13th die Aprilis 1804.

JOHN ROACH, Esquire, again Examined.

YOU have mentioned Silver Notes to have been issued by Traders as well as Bankers; state the manner in which the Traders issue them?—I understand they issue their Notes in general, payable to bearer after 21 days for small sums, as low as 3s. 6d. and 6s. to do away the illegality of the issue, in their opinion; the law prohibiting the issue of such Notes unless by registered Bankers.

Do the traders issue Notes for higher sums?—Yes, I understand they do; even Guinea Notes, payable at 21 days to bearer.

Are you acquainted with the rate of Exchange between Dublin and England?—Yes, it has been and still continues very high; I attribute it principally to the restriction of payments in Specie, and to the falling off of the exports of Ireland, and the great increase of the imports; and I conceive the present increased Absentee remittances tend likewise to increase the Exchange. I also think that the increase of the Paper circulation of Ireland adds to it; it has created a false credit in the country, by tempting a number of individuals to become Bankers without adequate capital, who, in order to increase the issue and circulation of their own Notes, give facility to other individuals without capital to issue theirs, which the said Bankers discount for them, and who are thereby tempted to increase the evil by increasing

Mr. Roach. increasing the imports into Ireland, and to increase the prices of export articles beyond their demand at foreign markets.

Are you of opinion there is a depreciation of Paper in Ireland?—I am, by the increased issue of private Bank Paper, and as the Exchange rises, the depreciation increases; and the premium on Guinness, in my opinion, is a strong proof of the depreciation of Paper. I do not by this mean to say that an Irish Bank Note of a Guinea passes nominally less than for a Guinea, but when I find I can buy more or get more value for a Guinea in Gold than for one of Paper, I naturally infer that the Paper is depreciated.

Has that depreciation any effect upon the price of commodities in Ireland?—I think it has of raising their price.

What is the premium given on Guineas?—It rises and falls according to the Exchange; it is now I believe 7 or 8 per cent. I recollect the premium to be as high as 2s. in a Guinea, which is 10 per cent. and even so high as 2s. 6d. for a Guinea. I have known fums of 2 or 3,000 Guineas bought at that rate; I have bought and sold Guineas myself to a large amount.

Do you know of any Bills drawn in Ireland, payable in Gold?—I do; Bills drawn upon places in the north of Ireland, with the words "Payable in Gold," in the Bill. All Bills payable in the north of Ireland are payable in Specie, without being particularly so specified in the Bill: I speak merely of the custom of the north of Ireland, as they will allow of no Paper currency there.

Do you know of that custom being extended to any other part of the kingdom?—I do not, nor do I believe it is.

What is the rate of Exchange at which Bills have been passed when they are payable in Gold?—They are considerably under the nominal price of Exchange; while Exchange in Dublin may rule from 14 to 16 per cent. the Exchange of the north of Ireland may be from 7 to 8 per cent.

If the Exchange in Gold is from 7 to 8 per cent, do you not conceive that the balance of remittances must be favourable to Ireland?—I do, and upon that principle I think that if the restriction on issuing Specie was removed, it would be useful to Ireland.

Do you apprehend that if the restriction was removed, and Gold payable of course in every part of the kingdom, that the Exchange would be equally favourable to the whole of Ireland, as it now is to the north?—I do, in a more or less proportion; I mean that it would be considerably lower than at present.

Do you conceive that the general balance of payments is in favour of Ireland, or against it?—I conceive them to be against Ireland.

Does Gold circulate in any other part of Ireland except the North?—In small degrees, but Gold is diminishing in circulation in every other part of Ireland; there had been in the counties of Galway and Roscommon some circulation of Gold till very lately.

Has the Gold which has circulated in those other parts passed currently, or in any cases at a value different from that of the circulating Paper?—It did pass currently till lately without any difference, but in consequence of the diminished quantity, and the premium in Dublin increasing, it has borne a premium, and still continues to bear a premium in those other places.

Has that premium universally existed when Gold has been taken?—Yes.

Supposing any large quantity of Gold to be put into circulation, in consequence of its ceasing to be hoarded, or from any other causes, and supposing the Exchange to continue at its present high rate, or at a rate still higher, do you not conceive that such additional Gold would currently circulate at a value different from that of Paper, in the same manner as the present Gold?—If any considerable quantity of Gold was to come into circulation, it would at once tend to diminish the premium on Guineas and the rate of Exchange.

Do you not mean that it would lower the rate of Exchange, by forming an article of exportation?—I do.

Might not the Gold continue to circulate in Ireland at an established premium between Gold and Paper, and supposing the Exchange between England and Ireland, as calculated upon Bills payable in Gold, to remain nearly at par, might it not fail to be transported?—I have already mentioned, that upon a considerable issue of Gold to be circulated in Ireland, that it would reach in preference be sent to England, than remain into circulation in Ireland on a premium, but which premium would be diminished in proportion to the quantity added in circulation, and would continue to be so exported, while Ireland is owing money to England.

Supposing

Mr. Roach.

Supposing the premium to be full as great as the profit on transportation, might not the Gold continue to circulate at such premium?—It possibly might, but it could hardly be expected the premium would continue so high as to induce the temptation to continue its circulation in Ireland, the occasions of Ireland constantly requiring remittances to England.

Supposing additional Gold to circulate at a premium, and the quantity of Paper to remain the same, would not that Paper pass at a value at a full more depreciated rate?—I should think it would, and that Paper would scarcely pass at all; I mean, that the circulation would be necessarily diminished of Paper, in proportion as that of Gold would be increased, but while it remained at a premium, Paper would continue depreciated.

If the Paper should rapidly or still more materially fall in value, do you not conceive that the practice of drawing Bills on Ireland, payable in Gold, would become general, supposing Gold to circulate in any considerable degree?—It would tend, in my opinion, to avoid the necessity of drawing Bills at all in proportion to the increased circulation of Gold. In my opinion, it is the Bills drawn for Ireland on England, and not those Bills which are drawn from England upon Ireland, that regulates the true barometer of Exchange. I wish to mention, that the Bills drawn payable in gold are very few indeed.

Is it not by preventing the Paper from passing, and thereby diminishing the quantity in circulation, that you suppose the increase of Gold in circulation would lower the Exchange?—In my opinion, there cannot be any considerable quantity of Gold hoarded in Ireland, with the exception of what the Bank of Ireland must have, and also what may be in the hands of some private Bankers. If there be any considerable quantity hoarded, which would appear in that case, I should answer, yes.

If a sufficient quantity of Gold could be procured by taking off the restriction, or any other means to redeem the Paper, pay the debt to England, and supply the currency, would it not be fortunate for Ireland, and turn the Exchange in her favour?—I think it would be very fortunate for Ireland, if by any means it could be enabled to pay its debt to England; that would alone operate to lower the Exchange.

Do you think the balance of payments between Great Britain and Ireland is against Ireland annually?—I think they must be so of course, the high Exchange being a clear proof of it.

So long as the annual balance of payments should be annually against Ireland, could Gold be kept in circulation in that country?—I think not, but in proportion as the circulation of Gold would diminish the circulation of Paper it would tend by degrees to change the balance in favour of Ireland, and so keep the Gold in the country.

If the Gold be transported to England, in order to discharge the balance of payments, how could it for such period tend to diminish the Paper circulating in Ireland, or to what extent would it operate to do so?—In my opinion, it would operate by reducing the balance of trade in favour of Ireland, and by reducing the facilities of importations, which I think the increased circulation of Paper has given.

Do not you think the high rate of Exchange must occasion a check to the imports into Ireland?—I do not think it does; I ground my opinion upon the facility, from the increased circulation of Paper being greater than that check is.

How could the balance of payments be changed by the circulation of Gold, without an increase of exports, a decrease of imports, or a diminution of remittances for absentee rents, or for interest of Loan?—I have already stated, that the circulation of Gold by diminishing that of Paper, would tend to lower the prices of export articles, and thereby increase them, and equally operate to diminish that of importation.

Do you not conceive that the present high rate of Exchange operates as a bounty on all the articles of exports?—I do not, because I think the temptation to speculators in exports has driven up the prices of those articles beyond the rate of Exchange.

Is there any method which has occurred to you, as effectual to remedy the present high rate of Exchange between Great Britain and Ireland in the present circumstances of those two countries?—It is impossible for me to answer that question, otherwise than by removing the restriction of paying in Specie, for so long as it continues, so long must the high Exchange, in my opinion,

Mr. Rosch.

support itself, because the balance of debt against Ireland cannot be otherwise paid than by transmitting Specie from thence to England in discharge of it; but the balance being paid I would hope to see the course of Exchange return to its former favourable level for Ireland; but it has struck me, that the system of the Treasury drawing on England has been prejudicial to the Exchange, and if any other mode could be adopted it would have been better. I mean drawing by the Treasury at all. The system has held out some temptations of jobbing, numbers of people calling at the Treasury for Bills while they drew, and retaining those Bills to job with them afterwards when the Treasury did not draw. The Exchange generally, after the Treasury had stopt drawing, rises in a much greater proportion than it otherwise might.

What mode would you propose of bringing over public Monies, in preference to the Treasury drawing?—I feel myself perfectly incompetent to answer the question, except by removing the previous impediments I have alluded to.

To what extent have you ever recollected the sudden rise which you have mentioned?—From $1\frac{1}{2}$ to 2 per cent. within the space of a few days, and even to 3 and 4 per cent.

Has there been much fluctuation in the Exchange since the practice of the Treasury drawing commenced?—There has.

Are frequent fluctuations prejudicial to trade?—They necessarily are.

Would not a regular rate of Exchange, though rather higher, be more advantageous to the merchant?—I think not, as a higher Exchange is still more prejudicial.

Have not the Loans raised in Great Britain and brought over to Ireland, been uniformly brought over under the management of the Treasury?—I believe in general they have, but I have understood that one or two of the Loans were otherwise managed; but I speak without sufficient knowledge, and I did not bear what the manner was; I mean to say by this, that some of the Loans have been risen in Ireland without resorting to England.

Do you think that any considerable sum could be brought over in any reasonable time for the service of Government, without a system of some sort or other for expediting the transaction?—Not otherwise than by some understanding between the two Banks of England and Ireland.

Of what nature should that transaction between the Banks be?—I am not competent fully to answer that question, except by supposing that a plan might be arranged between the two Banks, of suffering the Notes of each of them to be taken in payments at a par of Exchange.

Does any remedy occur to you for the prevention of Banks being formed by Persons not possessed of adequate capital, as you before stated them to be?—It has occurred to me, that if the private Bankers of Ireland were to be restrained from the issue of all Notes under 10 Guineas it might in some degree operate to remove the evil.

How do you conceive that that would prevent Persons not possessed of any adequate capital, from issuing Notes of the value of 10 Guineas or upwards?—Because, men attempting to become Bankers without such adequate capital would not get credit from the Public were their Notes to be issued at 10 Guineas and upwards, the evil being in the issue of small Notes, particularly the Silver ones.

Do you not conceive that a registry of property, and an investment in the funds, being rendered necessary to constitute a Banker, would, in a considerable degree, remedy the evil complained of?—It would.

Have you formed any opinion of the quantity of private Notes now in circulation throughout Ireland?—I should conceive them to be 3,000,000 at least; exclusive of the issue of the Bank of Ireland.

Give the grounds of that opinion?—I form my opinion from what I conceive the local issues to be: I conceive the issue of Cork to be 1,000,000; Limerick, 200,000; as to Waterford, I cannot exactly state, but I suppose the issue of Waterford and Clonmell to be equal to Limerick; Dublin, I should conceive to issue at least 1,000,000; and the rest to be issued in the other different Towns of Ireland: I cannot form any opinion of the Gold or Silver in circulation throughout Ireland.

Upon what grounds do you form your estimate of these local issues?—On general surmise.

Do you form your estimate of the quantity of Paper issued in any of the parts of

of Ireland which you have named, from any certain knowledge of the actual amount of the circulating Paper of one or more Banks?—I form my opinion upon the informations mentioned to me from time to time, of the separate issues of different Bankers of the several Towns I have mentioned (except Dublin) and from Bankers and other individuals.

Mr. Rosch.

Are you acquainted with the state of the Silver currency in Dublin?—I know it to have been very bad lately; I left Dublin six weeks ago; it is since that, the principal mischief has occurred by the stoppage of its circulation.

Has any remedy occurred to you for remedying the inconveniences?—I have already mentioned the circulation of Dollars.

Do you think that circulation could be effected to an extent, and with the expedition necessary for an immediate remedy to the inconveniences subsiding?—I do; I think a sufficient quantity could easily be brought in for immediate circulation.

Within what period?—I should think within two months a sufficient supply could be brought in, or within a shorter period.

Do you think that remedy would be sufficiently expeditious?—I should hope it would.

By what means would you propose they should be thrown into circulation?—I cannot answer the question.

Would Dollars alone serve for the circulation between the poor and the lower retailers and shopkeepers?—I should think so, with the assistance of a Copper Coinage; and I refer to my former examination, where I stated, there was a sufficiency of small Mint Silver in the South of Ireland, not now in circulation.

How should that Silver, hoarded in the South of Ireland, be brought in aid of the circulation of the City of Dublin?—By stopping the issue of the Silver Notes in the South, where the Silver is locked up.

If the Notes there were taken out of circulation would not the Silver there be necessary to supply their place?—It would in part.

How then could it aid the circulation of Dublin?—I think there is a redundant quantity that would be sent to Dublin in aid of that circulation.

Do you think that a temporary circulation for a limited time (sufficient only for the procuring an adequate quantity of Copper and Silver Coinage which you have mentioned) of Silver Notes in Dublin, by the Bank or Bankers there, would be advantageous?—I have not mentioned any thing of Silver Notes for Dublin; they would be a substitute, if Government should not think it proper to go on with what I should conceive a much better substitute, Silver and Copper Coin.

Answer the question as to the interval necessary for providing that supply.—If that interval should be necessarily long, it may become advisable to issue Silver Notes as a substitute.

What space of time do you mean as long in that answer?—I certainly can form no opinion with respect to that question; I mean long in the general acceptance of the word; I cannot specify any particular space of time.

Do you think an interval of two months would require such an issue of Silver Notes?—I would hope it would not; not having been lately in Dublin, I cannot speak of its immediate necessity. If measures were taken by Government for the issue of Copper and Silver, I should hope there is no necessity for the issue of Silver Notes for those two months; and I think any expedient preferable to any such issue of Silver Notes in Dublin. I have heard it mentioned, that Gold was supposed to bear a premium in some parts of Ireland previous to the restriction, but in my opinion it never did; for though country Bills may have been then bought at a discount of 4d. per pound for Gold, it was the Bill that bore the discount, but the Gold no premium; and to this day in Dublin all country Bills, and even all country Bank Notes, though payable on demand, bear a discount of 3d. 4d. and sometimes so high as 6d. in the pound.

WILLIAM COLVILLE, Esq.

Merchant, and Director of the Bank of Ireland; Examined.

DO you know the state of the Silver circulation in Dublin?—It is as bad as possibly can be; there is no Silver circulating in Dublin except a base coinage; the Shillings of which, upon an average, may be worth about 6d. and the Six-pences worth about 3d. I do not mean to say there is not some small circulation of good Silver, perhaps in the proportion of two parts out of 100; By good Silver I mean

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Mr. Colville.

mean Mint Silver, a good deal worn; the base Silver is in Shillings and Sixpences; Crowns and Half Crowns that have originally been made at the Mint are not circulated, but are kept as curiosities.

How long has this been the case?—Perhaps from five to ten years; but I cannot accurately say.

Has it been an increasing evil?—It has, particularly of late; the reason of its having increased so much of late arises from two causes; the one, the state of the country, the good Silver being hoarded; and the other cause is the very high Exchange, which has made it to be carefully picked up for the purposes of being carried to great Britain. The captains of the Colliers, who bring coals to Dublin, form one channel by which it goes, but the extent of it I am not able to inform the Committee.

Has any particular inconvenience, by the stoppage of that circulation, been felt in Dublin lately?—I left Dublin thirteen days ago, and previous to that time there had been several paragraphs put into the public papers, stating that a Silver Coinage was preparing in England for the purposes of Ireland, and that the base Silver was immediately to be cried down, and in consequence thereof there became a considerable alarm, and a very strong desire with every body to get the bad Silver out of their own hands, and an equally strong desire of every person to relish the taking it; from whence has arisen those inconveniences which existed when I left Dublin; I do not know it of my own knowledge, but I hear and believe that it was suddenly refused by the letter-carriers.

Has any remedy occurred to you for this evil?—There have various remedies occurred to me, many of which are better than others; but the misfortune of the case is this, that the best remedy is of the most difficult attainment. The best remedy certainly is a real Silver Mint Coinage; but the circumstances attending that, if it could be immediately attained, are, that it would not remain a moment in Ireland, from Exchange being against that country. The next best remedy is, the getting over Dollars, Half Dollars, and Quarter Dollars, stamped by Mr. Bolton's new machine, to prevent imitation; these also would not stay in Ireland, if they were issued at their fair value; but here an expedient may be resorted to, not violating those important principles which attach to a Mint Coinage, because they may be issued considerably above their real value, and would not therefore be carried out of the country, nor would they be put into the melting pot, because it would be no man's interest to do so; this could be done without injustice to the public, because, in order to prevent injury, they ought to be redeemable at the price they were issued; but I must here observe, that the objection attached to this expedient is, that this Coin would be purchased up by the Coiners of the base Coin, and therefore could not be resorted to without another measure of very considerable consequence being taken at the same time, namely, the crying down the base Silver at present in circulation. The next best remedy is one suggested by myself, but does not seem to meet general approbation, which is, by common consent, to take the base Shillings which are now circulating at 6 *d.* and the Sixpences at 3 *d.* but the objection to that scheme is, that common consent must be obtained in order to carry it into execution; but so firmly convinced am I of the propriety of that measure, that my present determination is, on my return to Dublin, to give directions to the mercantile house in which I am concerned, to take no Silver of that kind but upon the principle I have stated; this particular question of Silver bears personally upon me, from the nature of the trade in which I am engaged, that of a corn merchant; my dealings are with the Brewers and Bakers of Dublin, whose receipt for all they sell is more in Silver and Copper than in any other Coin; and so great was the inconvenience that I and other persons in the same branch of trade suffered, that we were apprehensive we must stop selling of corn for the bread of Dublin, the Bakers and Brewers, from the unfortunate situation of the Silver and Copper Coinage, being unable to pay us. The last remedy in a choice of difficulties, is resorting to Silver Notes; but the inconveniences immediately and remotely arising from such a system, would make me deprecate such an expedient, unless forced upon us by the necessity of the case.

Supposing the second remedy, that of the issuing of Dollars, to take place, at what rate do you conceive such Dollars ought to be taken in Ireland?—I cannot precisely give an answer to that question as to the rate, but the principle I have stated before, viz. to issue them high enough to prevent their being carried out of the Country, or to induce the silversmith to melt them down for the purposes of his trade.

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Mr. Colville,

Supposing them to be issued at the precise rate necessary for that purpose, would there not be a danger of their again being exported from Ireland in the event of any material fluctuation in the exchange?—I have already answered that question as pointedly as in my power; they certainly would not fly.

Might it not be advantageous to stamp the Silver which would circulate in Ireland, in some manner which would distinguish it from the Silver circulating in England, so as to prevent its passing in both countries, and also to reduce its value in such a degree as to secure its not being melted?—I see no sort of objection to distinguishing it by such a stamp, but the principal object that could keep it in Ireland, for local purposes, would not be such a stamp, but its being issued above its real value.

Might there not be a greater importation of Dollars than is necessary, caused by their passing in Ireland so much as you state to be necessary above their real value?—That observation has great weight in it, and must be maturely considered at the time that the rate at which they are to be issued is to be determined upon.

Whatever shall be the rate fixed on, does it not suppose a permanent rate of Exchange, for were the Exchange to become more unfavourable to Ireland, then the Dollars must be carried out of Ireland; or if the Exchange were to become more favourable to Ireland, then there would be an influx of Dollars?—This is an objection which did not occur to me until the question had been put to me; and I decline giving an answer without taking time to consider it maturely; I think it an objection of considerable weight.

What, in your opinion, would be the effect of establishing a Silver Coin for Ireland of a different denomination and value from that of the Silver Coin of Great Britain, but which, though of an inferior standard, should be current at a rate equal or nearly equal to its intrinsic value?—I apprehend that as long as the Exchange is against Ireland, Coin made on such a principle would be likely to remain in it for local purposes; but a Coinage with alloy, and under its intrinsic value, not having, as I apprehend, ever been issued from our Mint, I fear that strong objections would be against such a measure; but I freely confess it is a subject of too much weight for my feeble hand to sustain.

Sabbath, 14th die Aprilis 1804.

WILLIAM COLVILLE, Esq; again Examined.

HAVE you been deputed by the Bank of Ireland to attend this Committee?—I have, along with Mr. D'Olier.

State the capital and funds of the Bank of Ireland.—The capital stock is £1,500,000.

When was the Bank created?—The act and charter passed in 1783, the Bank opened in 1783.

Upon what Fund did the Bank begin?—£600,000 4 per cent. stock, which was subscribed for the security of the Public; and the Bank borrowed £60,000 for a monied capital, and did afterwards add several sums, making in the whole £1,120,000, all borrowed. Some years afterwards there was subscribed £400,000 in money, to add to the trading capital; and after that £500,000, vested in Government securities, for the benefit of the Public, so that the actual capital of the Bank, in Government securities, is £1,100,000, and the monied capital £400,000; the £1,100,000, so vested in Government securities, it is not in the power of the Bank to alienate, and they receive one annuity for it of £55,000 per annum.

When will the Bank charter expire?—1st January 1816.

Have you ever given any account of the issue of your Notes to Parliament?—Yes, to the House of Lords, by an order from them, I think in February last, at which time it appeared there were out Notes to the amount of between £3,800,000 and £4,000,000.

Have you received an order from this Committee, to lay before them an account of the issue of your Notes?—I believe the Bank of Ireland has; it was sent after I left Ireland; respecting that order we have received no instructions, but speedily do expect them, when we shall either produce the necessary papers, or give our reasons for declining it, if we are instructed not to furnish them.

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Mr. Colville.

Can you tell the amount of Notes out in circulation at any late period prior to your coming over?—I believe it had got up to about £3,000,000.

Do you recollect what the amount was when the restriction of the issue of Specie was prohibited?—Between £600,000 and £700,000.

State to the Committee the motives for so large an increase as from £600,000 to £3,000,000?—The reason I take to be this, that the course of Exchange having, about two years after the restriction, become very high, and greatly against Ireland, the Money of the country was carried out of it for the purpose of paying the balance of remittances against Ireland; the consequence was, that as the circulating medium of Gold decreased it became necessary to supply its place by the circulation of Paper, without which it is probable there would be no circulating medium at all. There is also a farther reason, that all Specie which came into the Bank after the restriction Bill, has been prevented from being again re-issued, except in cases to which the Act does not extend; that is, in cases where lodgments have been made, under the power of the Act, permitting the persons making such lodgments in Specie to withdraw again a certain proportion thereof; and this, I apprehend, is the rule and measure for the withdrawing of Specie from the Bank originally lodged by Government.

Can you recollect what proportion of the £3,000,000 is in Notes under five pounds?—I cannot exactly recollect, but I believe it may be about £1,200,000.

What was the lowest rate of Notes the Bank issued prior to the restriction?—To the best of my recollection none under £10, until the restriction Bill took place.

Can you state the quantity of Notes in circulation issued by the private Banks of the Kingdom?—That is a subject upon which I have taken a great deal of pains to form an opinion; but with all my industry I can find out no data upon which I can proceed with any kind of satisfaction to my own mind; but to hazard a guess, for which I will not in any shape stand responsible, I should imagine it equal to that of the Notes issued by the Bank of Ireland.

In forming that opinion, do you take the Silver Notes into consideration?—I do.

What proportion thereof was in Silver Notes?—I can form no opinion, and for this reason, because there is no circulation of Silver Notes in Dublin; and exists only in the country, and consequently out of my reach.

Do you apprehend that £6,000,000 of Paper is too much, or too little, for the circulation of Ireland, in addition to what Gold may also be in circulation?—That is a very difficult question to answer. If the circulation of Bank Paper entirely rested in the public Bank, I could not then hesitate to say, that that quantity was absolutely necessary, clearly knowing that the public Bank has kept down its circulation to the utmost of its power, and has increased it only from the necessity of the case, to support Government, protect commerce, and preserve the public credit; but great doubts may arise upon this important question, as it has been said, and possibly may be true, that the great advantages to be attained by the private Bankers extending the issue of their Paper has induced them, from motives of interest, to extend their circulation beyond what would otherwise be necessary.

Can you form any estimate of the amount of Specie which circulated in Ireland before the Exchange became unfavourable to it?—This is a very difficult question, upon which I have no data to go satisfactorily to my mind; but were I to hazard a conjecture, (for which I with no ways to hold myself responsible) I should suppose that the Specie in Ireland, previous to the restriction being laid on, might be between £3,000,000 and £4,000,000 at the most; but here I wish to observe, that Ulster, or the greater part of it, will always be considered by me as one of the provinces of Ireland distinctly from the rest, in the consideration of the whole of this question, and consequently is not included in the above calculation; and were I to give an opinion upon the whole of the Specie in Ireland, previous to the restriction bill, and including Ulster, I should suppose it to amount altogether to about £5,000,000, having a faint recollection, that, when the general recoinage took place in Lord North's Administration, it was then said (I cannot now recollect on what authority) that the recoinage of worn Coin from Ireland amounted to that sum; but I apprehend that the Committee may possibly receive information from the Mint, which will give some satisfaction upon this important point.

Did the increased issue of Bank Paper precede or follow the rise of the Exchange?—I apprehend it followed it, for the reasons I have mentioned before.

Can you explain to the Committee the manner in which the Bank puts its Notes

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into circulation?—It puts them into circulation in this way; by issuing them for the service of Government, for the discount of Bills, and for loans upon Government security.

Mr. Calcraft.

On what species of Government security does the Bank make advances?—On $3\frac{1}{2}$ per cent. 4 per cent. and 5 per cent. Debentures and Stock, and also upon Treasury Bills; but I must here observe, that we lend no Money upon our own Bank Stock, for which the Bank has decisive reasons, although I cannot at this moment recollect and detail them to the Committee.

What do you mean by Treasury Bills?—I mean the same as Exchequer Bills in England, pursuant to act of Parliament.

Are the advances you speak of made directly to Government, or to individuals holding these securities?—They are to both.

Does the Bank discount any commercial Bills to individuals but such as represent real transfers of property?—The practice of the Bank has always been to discount no mercantile Bills for more than 60 days, except in extraordinary cases; and the most difficult part of the business of the Directors is to discriminate between those Bills which represent the real transactions of trade, or those which are otherwise; it being a principle of their conduct to discount no Bills whatever, except for real transactions, as far as it is in their utmost power to make the distinction. But let me here make an observation, that there are many species of commerce which require the aid of the Bank, and which they think it is their public duty to attend to, which commerce is not carried on either by Notes or Bills of Exchange; and in that case, the assistance is given to the merchant upon his single Note, guaranteed to the Bank, and covered by a deposit of Government security; but that loan is never given for more than 60 days, and the terms of the agreement are specifically this; that if the Note is not paid according to agreement, the Bank is empowered by the borrower to carry the security into the market, and to sell it for the purpose of discharging the debt; and in order to make the Bank as secure as it is possible in a transaction of this nature, the security is always taken on a calculation that the price of the deposit is very considerably under the price of the market at the time the loan is made.

State to the Committee what proportion the advances, made in the manner you last mentioned, bear to the whole of the advances of the Bank on commercial Bills?—That is a question, which, varying perpetually by circumstances, I am not enabled to answer.

Does it bear a large or a small proportion?—A very small proportion.

Do all the persons for whom the Bank discounts Bills keep banking accounts with the Bank of Ireland?—We make it a general rule to expect that all persons getting discounts at the Bank, should, as far as those discounts go, keep their account with the Bank, the purpose of which to the Bank is, it so far creates a lodgment; and there is this further advantage from it, that the whole of these transactions are carried on without the issue of Notes, the extent and difficulty of which is thereby very much decreased. The manner is this; when a person discounts any sum with the Bank it is carried immediately to his credit, and he draws it out of the Bank by drafts on the Bank for that purpose; but many cases do exist where those drafts come in for payment, and are discharged by Notes issued for that purpose.

Do those Persons who obtain discount at the Bank also keep Banking accounts with other Bankers?—Some do, and many do not.

Do you not suppose that those Persons who keep Banking Accounts with other Bankers obtain discounts also from those Bankers?—They certainly do, and to a considerable extent; but I do not mean to say that all of them do.

Is the sum which the Bank of Ireland lends to its customers in the way of discount limited by the extent of the credit thought to be due to those Persons, the credit also of the Bills which they offer being taken into consideration?—We have always conceived that it has been a practice of the Bank of England to limit the extent of credit of particular men, taking in all the combined circumstances which have been mentioned in the question, for directing their conduct on the subject here mentioned; and therefore we have constantly done the same, this being one of those practices applying strictly to the conduct of the Bank of Ireland, in which local considerations and circumstances do not form a reason to alter from the practice of the Bank of England.

Has it been at any time the practice of the Bank of Ireland to refuse to lend upon discount to Persons not having exhausted the whole of that credit which

Mr. Colville,

was thought generally due to them, and offering unexceptionable Bills as security?—That entirely depends on circumstances; for example, it was impossible for the Bank to make as large discounts during the rebellion, and before the restriction Bill took place, as they have been enabled to do since, and which the necessities of the country made absolutely necessary.

Has then the Bank of Ireland been accustomed invariably to lend to the whole extent of the sum asked, supposing the person applying for the Loan to be in good credit, and his Bills to be unexceptionable?—They have not, for that is also limited by circumstances, which must be very obvious to any Person that is acquainted with the business of a Banker; but I have no objection to be more explicit on the subject: In the perilous period which has passed in the last seven years, circumstances have arisen where we thought it our duty to assist the Government of the country in preference to any other consideration, and of course lent less to traders on particular occasions; but the Bank has never lost sight, nor thought themselves justified to neglect a due attention to the support of commercial credit; nor has the advance of the Bank to Government ever gone the length of preventing their giving the necessary aids to commerce, although it must appear obvious that those aids were necessarily greater at one time and less at others.

Do you not conceive that the advances to Government operated in aid of the commercial interests of the country?—The advances to Government being clearly for the purpose of paying their debts, it must most obviously appear, that enabling them to discharge those debts must be a very great relief to the public in general, of which the commercial world makes a very material part.

Was it the practice of the Bank, antecedently to the restriction, in any degree to restrain the total amount of its loans, when it experienced a diminution of its cash in consequence of an unfavourable Exchange, or of any other circumstances producing a drain of its Guineas?—It must be very obvious, that if the directors of the Bank did not pay a very great attention to such an important consideration, they would be very unfit to conduct the business put under their care.

Do you then mean to say, that they were accustomed to lessen the total amount of their loans, including loans in the way of discounts, when they found their Guineas going from them?—I certainly do.

Did not that limitation of loans necessarily operate as a limitation also of the total amount of their circulating Paper to an equal amount?—It certainly does generally, but from the nature of the case, it is impossible to state the specific proportion.

Would not the Bank Paper in such case be necessarily reduced, not only in the degree in which the loans were reduced, but even in a still greater degree, namely, in the same proportion also as the Gold of the Bank was diminished? It certainly would; and, in the former answer given, I think I have explained it.

Suppose, for the sake of illustration, the Bank loans to have been £. 500,000, and its Notes £. 500,000, and its Gold in its coffers to have been also £. 500,000; and suppose also, that, in consequence of a drain produced by an unfavourable Exchange, £. 50,000 of its Gold should be withdrawn; suppose also, that, in consequence of this drain, the Bank should reduce its loan £. 50,000, is it not presumable that its Notes would be reduced to £. 400,000; £. 50,000 of its Notes being reduced in consequence of the reduction of loan, and £. 50,000 in Notes being brought in in payment of the £. 50,000 in Money which had been taken out?—I should wish to consider further of that question.

Martin, 17th die Aprilis 1804.

WILLIAM COLVILLE, Esq. again Examined.

LAST Question of yesterday again put?—It certainly would.

Do you then admit, that, antecedently to the restriction the Paper of the Bank of Ireland naturally diminished itself whenever Gold was drawn out of the coffers of the Bank, supposing even its loans to remain the same?—As the Notes came in for the payment of Cash, the Cash was diminished, and the circulation of Paper was diminished in the same proportion; but in all those cases, the prudence of the Bank induced them to call in their loans, in order to strengthen the Bank provisionally against the continuance of such a drain.

Was

Was there not then a two-fold cause of the limitation of Bank Paper when the Exchange was unfavourable; the one, the natural limitation just mentioned, which took place through the cancelling of the Notes brought in for Cash which was demanded, and exported; the other, the limitation of Paper produced through the reduction of the loans of the Bank of Ireland?—To give an answer to that, as a general principle, I must say, that whenever drains of that kind are made either upon a public or a private Bank, prudence directs that the extent of the circulation of Paper should be lessened by every means in the power of that Bank; first, by cancelling those Notes which are paid in Specie; and secondly, by calling in loans to lessen the circulation by that channel also. I give this answer as to the general principle; but here I will point to the particular fact. The reason of the calls upon the Bank at that time, just before the restriction Bill took place, did not arise from a high Exchange against the country, but from the political situation of the country itself, which was at that time under the pressure of an incipient rebellion, it being about one year before the time it actually broke out.

In what manner do you conceive that the limitation of loans operates in lessening a drain upon the Bank for Guineas?—Suppose that all the loans of the Bank amounted to £500,000, and that the Bank called in those loans, and that it is the practice of the Bank to receive nothing in payment but their own Notes, it clearly follows, that £500,000 of Notes being taken in in that channel, does as effectually cancel them as if they had come in at the counter, and been discharged in Specie.

Supposing the drain upon the Bank for Guineas to result from a very unfavourable Exchange, which should make it profitable to export Guineas, and supposing the case which you have put, namely, that of a limitation of loans, and a consequent limitation of Notes, to the extent of £500,000, would not the drain upon the Bank still continue in case the Exchange should remain the same; and would not the opportunity of exhausting the Gold of the Bank be still afforded to the holders of any Notes remaining in circulation, as well as to any persons having a right to draw upon the Bank of Ireland, and would not therefore the limitation of loans be ineffectual to its purpose, except so far as it might have the effect of improving the Exchange?—The answer to this question is very important, because it will develop the reasons upon which the restrictions of the two public Banks have not only been laid on, but the necessity of the policy being still continued, particularly in Ireland, as long as the course of Exchange is above par, and decidedly against that country. In order to explain that further, suppose the restriction Bill to cease, the Bank must then proceed to pay off all Cash Notes whatever, and that is to be done by calling in as much of their loans as they find is necessary, in order to leave no more Notes in circulation than what the Cash in the Bank is able completely to cover.

Were not the directors accustomed, antecedently to the restriction, to limit their Paper, as a means of lessening the drain of Guineas occasioned by an unfavourable Exchange?—I believe I gave an answer before in the affirmative.

Could such reduction of Paper have lessened the drain of Guineas if it had not improved the Exchange?—As far as the Guineas so drawn out went to pay the balance against the country, so far they operated to the reduction of the Exchange against the country, by paying off so much of its debt, and so far only.

If the Guineas only operated by paying the debt, why was there any necessity for limiting the Paper in the manner you have stated that the directors were accustomed to limit it?—The way I answer that, is this; It is blending two views of the subject together, which cannot, in my humble opinion, be understood without considering them separately; namely, one of the views applies to the conduct of the Bank, which must be directed by its relations; the other is a general subject, that, in my humble opinion, does no longer bear upon the Bank than the moment their Notes are in and the Cash is out.

Supposing a suspension of Cash payments to take place, and the Exchange to become unfavourable, but no Gold to go abroad, and to become the means of improving the Exchange, do you conceive the limitation of loans, as a means of limiting Bank Paper, is likely to have any influence in lowering the Exchange?—I do not exactly know whether the answer I shall now give to that question will be satisfactory, but this seems to me to be a proper time to remove what, I apprehend, has

Mr. Colville.

been a very great error in judging of this difficult subject; namely, it has been generally thought that the extension of Paper in Ireland has been a cause of raising the Exchange, but my opinion is directly the reverse, inasmuch that as far as the circulation of Paper has supplied the circulating medium, it enabled the Gold which before stood in its place to be exported out of the country, and, as far as it went in weight and measure so far it was a clear and decided cause of preventing the Exchange from getting to a higher pitch than it has hitherto attained; but to go to a further answer to that part of the question, which relates to the extending or lessening the loans of the Bank, in this view of the subject, it must be evident that the more Paper issued by the Bank in consequence of an extension of loans, that so far as it extends the Notes of the Bank it further enables a greater drain of Specie to take place, and consequently, to strengthen the cause which keeps down the rate of Exchange.

If antecedently to the restriction the Bank in point of fact was used to limit its Paper in the event of a very unfavourable Exchange, and if antecedently to that period, the Exchange in point of fact never was more than from 1 to 2 per cent. against Ireland; if on the other hand, since the restriction, the Bank in point of fact has suffered its Paper to enlarge itself under the circumstance of an unfavourable Exchange, and if that unfavourable Exchange has become as much above par as 10 per cent. against Ireland, is there not a presumption, arising from experience, that a limitation and not an enlargement of Paper is the means of lowering the Exchange?—The answer to this question will, in my humble opinion, explain another error, and not a trifling one indeed, in which I think this question is involved. The high Exchange in Ireland has not altogether been concomitant in point of time with the restriction Bill, inasmuch as it appears to be the fact that 2½ years passed over in which Exchange not only vibrated about par, but the extraordinary instance existed where the Bank Paper of England was sold upon the Exchange of Dublin at 3½ per cent. under par, and I wish the particular attention of the Committee to this singular fact, as it will lead to clear inferences that will not only explain that the word depreciation, as it relates to the subject of Paper, is not a positive but entirely a relative term, which I shall take the liberty of explaining in other parts of this subject, when I shall be questioned thereto. As far as my answer goes coupled with parts of my evidence before this day, it must appear that my opinion is, that the circulation of Bank Paper in Ireland is in no shape the cause of the high Exchange; and it therefore seems incumbent upon me to point out what is the real and efficient cause, which is, that Ireland owes more Money than she is able to pay.

When you state that the high Exchange was not altogether concomitant with the restriction Bill, do you mean to imply that it was not concomitant, or nearly concomitant, with the augmentation of Bank Paper?—I believe the fact to be this; the restriction Bill took place in March 1797; from that period to 1799 there was a considerable increase of Bank Paper, yet Exchange not only vibrated about par, but in an instance I have stated, was considerably under it. After 1799 Exchange began to rise, and the circulation of Paper was concomitant and extended; but as we can account for that high Exchange clearly and decidedly, I am not inclined to resort to causes that are entirely problematical, and, in my mind, do not bear upon the subject at all; or if they do, have a very contrary tendency to the effect attributed by others.

Did not that considerable increase of Bank Paper, which you state to have taken place till 1799, consist chiefly in an augmentation of small Notes which were not in circulation antecedently to the restriction?—I have no Paper at present by me to enable me to answer that question accurately.

JEREMIAH D'OLIER, Esquire,

Being present, and the same question being put to him, answered:—

Mr. D'Olier.

IMMEDIATELY upon the restriction Bill passing, the Bank issued small Notes and Post Bills under £. 5, for the accommodation of the Public, and they have continued increasing from that time to this, but more particularly so from the year 1799, when a Law passed for continuing the issue of Notes between 20s. and £. 5 to the Bank of Ireland only. Private Bankers may issue Bank Post Bills of 3 Guineas and upwards, under certain limitations, and this exclusive power in the Bank of Ireland caused a much greater demand for their Notes under £. 5 than otherwise would have been.

May

Mr. D'Olier,

May not therefore that augmentation of Bank of Ireland Paper, which took place about the time of the favourable Exchange in 1799, have merely supplied the place of other Paper, or Gold which was withdrawn?—I do not think it has at any time fully supplied it. I consider, that the circulation of Ireland, previous to the restriction of Gold and Silver, from the best information I have been able to obtain, amounted to a sum very little short of £3,000,000, of which infinitely the greater part has disappeared, and has been withdrawn from circulation by exportation or otherwise, and therefore the circulation of the Paper representing sums between 20s. and £. 5 is by no means equal to what I apprehend has been withdrawn in Gold and Silver.

Can you form any judgment to what amount the issue of Notes under £. 5 by private Bankers extended previous to the year 1799?—I cannot.

At what rate of interest has the Bank of Ireland been used to lend to Government?—5 per cent.

What rate of interest do you conceive the Government funds to have afforded to the holder during the last year?—About 5½ per cent. I believe.

At what rate have you lent to individuals?—5 per cent.

At what rate do you understand that Bankers have lent to their customers, and what rate of interest have Merchants allowed in account to persons having cash lying with them?—The legal interest in Ireland is 6 per cent.; the Bank is restricted to 5 by law; private Bankers in Dublin, I believe, have charged 6 per cent. but I am not certain they do now; but there are Gentlemen here present who can fully answer that question.

Is it not evidently the interest, both of the Government and individuals, to borrow indefinitely of the Bank at 5 per cent?—I wish the word indefinitely to be explained.

Would it not, for example, be the interest of the Government, instead of raising a loan at about 5½ per cent. for the services of the year, to borrow the whole of the sum wanted at 5 per cent. and may it not be presumed that the Government would prefer resorting to such a measure as a means of economizing the public Money, unless, proceeding on political principles, they should refrain from doing it on the grounds that such a mode of raising the supply would lead to too great an extension of Bank of Ireland Paper?—The answer to that is, that it is clearly the interest of the borrower to raise Money on the lowest terms possible, and equally the interest of the Bank of Ireland to lend its Money only upon such conditions, that the repayments are practicable by the borrower both in point of time and amount, suitable to the convenience and the wants of the Bank; and therefore no loan can be proposed by any minister to the Bank which shall be presumable not to be payable within a very limited time, and to a very limited amount, as he must be subject at all times to the demands and necessities of the Bank, who are the lenders. The Bank of Ireland was instituted for commercial purposes, and must at all times have in view the accommodation of the commerce and manufactures of the country, and they are besides restrained by law in the manner of their lending to Government.

Would not such a loan to Government as has been supposed, be deemed by the directors objectionable on the grounds of its tending too much to increase the quantity of Bank of Ireland Notes?—The Bank of Ireland at all times was particularly careful to restrain their loans upon that kind of security to such an amount as perfectly satisfied themselves that the extent of their Paper in circulation should by no possibility affect its credit.

Is there not nearly a similar interest in private Individuals to borrow indefinitely at 5 per cent. on the credit either of Stocks, or of Bills of Exchange?—If by the term indefinite, I am to understand loans without limitation as to their amount, I must answer, that whatever may be the advantage proposed by those to themselves who become applicants for such loans, that by the principles and conduct of the Bank they would be refused, and restrained to what would appear to be the necessary demands for their trade.

Do you then admit that the Bank of Ireland is under the necessity of limiting the loans requested by the Merchants and others, with the view to the prevention of a too great circulation of Paper, and that it may be necessary not to gratify the wishes of the Public in that respect?—I am perfectly satisfied that the circulation of the Bank of Ireland is greatly within any necessary restraint of that kind, but I feel that it is the duty of those who conduct the affairs of the Bank to restrain all unwise and unnecessary or imprudent speculations, whether they arise from avarice or folly.

Mr. D'Olier.

Should you then think it proper further to enlarge the issue of Bank Paper, supposing the loans which lend to such issue to be made to Persons not embarked in any wild or foolish speculations?—The extent of those loans, presumable by this question, will require a full consideration of all the circumstances of the case upon which the applications may be founded; and I do not think myself warranted, however confident I may be, to take a view so prospective, and to give a definitive answer, which may, by a great number of circumstances not now known, alter my opinion, and regulate the conduct of the Directors of the Bank of Ireland.

Do you not conceive that there may be an augmentation of Bank of Ireland Paper, which may be so large as to have the effect of diminishing its value in exchange for goods, supposing Bank Paper not to be now convertible into Coin, and that the public confidence in the ultimate solvency of the Bank, and even in the certainty of the Bank Paper being again converted into Gold, at some remote and indefinite period, may be perfectly maintained?—I think it is possible, but I by no means think it probable. I have heard it stated, that because Gold is bought at a premium, that therefore Bank of Ireland Notes are by so much depreciated, and at an absolute discount to the amount of that premium; but I do not conceive that that is the way to look at that question; the circulation of the Paper said to be depreciated must first be proved to have become burthenfome to the holders, and burdensome to have been made by unnecessary purchasers, to get rid of that which they found inconvenient or were apprehensive to hold; The mere buying of Gold at an advance price beyond that of the Mint is the effect and not the cause of the Exchange, and therefore no proof of the depreciation of the Paper itself.

Supposing Bank of Ireland Paper to have its value diminished in exchange for goods through an augmentation of quantity, which is unaccompanied with a diminution of its credit, which you have admitted to be a possible case, would not such diminution of its value indicate itself by a difference subsisting between the value of such Paper and the value of the current Coin, and also by a proportionate rise in the Exchange?—I have answered that as well as I was able in the last answer.

JOHN CLAUDIUS BERESFORD, Esq; Examined.

Mr. Beresford.

YOU are a Banker in the City of Dublin?—I am.

Can you form any opinion what quantity of Paper belonging to the private Bankers of the City of Dublin, is now in circulation?—According to my opinion, the amount of the Paper in circulation in the kingdom of Ireland, issued by the private Bankers of Dublin, is about £. 700,000; I mean Notes to bearer on demand, and Post Bills. The grounds of my opinion arise from the knowledge I have of my own trade, and comparing the trade of the other Bankers in Dublin with my own, as far as I am able to do.

Can you form an opinion whether the quantity of Paper belonging to the private Bankers of the City of Dublin, in circulation prior to the Restriction Act, was more or less than the sum of £. 700,000?—I do not think that there is any great difference between the Paper now in circulation, issued by the private Bankers of Dublin, and what was in circulation at the time of the Restriction; and I form my opinion on the following grounds: I have not myself more Paper in circulation at this time than I had then; I have less Notes out, and more Post Bills. There were two Bankers in the City of Dublin (Messrs. Latouche, and Sir Wilham Newcomen and Co.) who issued Paper at the time of the Restriction, and who have not done so since. There is one Bank now in existence, which was not in existence then, namely, Sir Thomas Lightton and Co, who issue Paper; as far as my judgment goes, I think the extent of Paper they have now out, is full as much as what was out of the two Banks above alluded to; and I should think that, as far as my observation goes, the house of Finlay and Co., the only other remaining Bank, has less Notes and Bills out than it had at the time of the Restriction taking place.

Can you form any opinion of the quantity of Paper belonging to private Bankers, in the other parts of Ireland, now in circulation?—I think I can, though not in so full a manner as I have of the Dublin Bankers. I must distinguish, as far as I can, the different parts of Ireland. I have little knowledge of the Banking Trade of Cork, but of the Banking Trade of Waterford, an accidental circumstance

Mr. Boreford

distance gave me a knowledge; I was appointed assignee to a Person who was a Banker in the Town of Waterford, his name was O'Neil, and from what inquiry I could make in the country I should imagine that his Paper occupied about one-third part of the circulation of the County of Waterford, and those parts of the Counties of Kilkenny, Carlow, Wexford, Cork, and Tipperary, which are adjoining the County of Waterford; I mean that part of the circulation which is occupied by country Bank Paper; and at the time that I took an account of the state of his affairs as assignee, I found the full extent of the Paper he ever had issued in the space of three years, the whole time he was a Banker, amounted to £. 163,000, of which there was a sum amounting to upward of £. 80,000, in a private closet in the house, which had been issued and returned; he began as a Banker in 1798 or 1799, and became bankrupt in the summer 1801. I conceive, to the best of my knowledge, that the trade of the City of Cork, whereby Paper would be circulated from the Banks of that town, through the neighbouring counties, is in or about three times the extent of Waterford; I mean by that, the trade of buying in for exportation the country produce. Of the circulation of Paper in Limerick I know as little as of Cork, but should suppose it to be in or about the amount of Waterford. Clonmel, Kilkenny, and some other inland towns in the South, have Banks in them, but the proportion of circulation in them is very small. On the North side of Dublin very little Paper circulates, except Dublin Paper, and that mostly of the Bank of Ireland. I myself have discounted Paper in one or two of the Northern parts of Ireland, and have issued some of my own Paper for that purpose; but it does not bear a circulation in proportion to what it does in the South; and the people of the North, who so discount their Paper with me, require one sixth part of the Bank of Ireland Paper to the private Paper they receive. There is a Bank established at Tuen, in Connaught, and a small one in Galway; the circulation of that at Tuen may be about equal to the Waterford Bank. I know of no other Banks in the West of Ireland.

From your knowledge of the present state of Ireland, do you think that the whole Paper of the Bank of Ireland, and private Banks together, now in circulation, is more than the trade of Ireland requires?—I do not; nor do I think the increase of the Bank of Ireland Paper, and country Bankers Paper, now outstanding, when compared with the quantity of Specie withdrawn from circulation since the Restriction, is by any means equal to the increase of trade in the kingdom of Ireland, internal as well as external, and the increased circulation required in the country, from improved agriculture, additional duties, and many other circumstances, that require an increase of the circulating medium of the kingdom.

Can you form any opinion whether the country Bankers have increased the issue of their Paper since the Restriction, and to what amount?—I cannot form any just idea whether they have or not; but if I was to hazard a conjecture on the subject, I should think that the country Bankers which were then in existence, have not increased their issue, but the number of new country Bankers that have started up since the Restriction, have made the circulation of country Paper at least four times what it was, and that is one of the reasons to which I attribute the Dublin private Paper not having increased since the Restriction.

If the Country Bankers were to withdraw their Paper from circulation, could the trade of Ireland be carried on, except the National Bank and the Dublin Bankers increased theirs in the same proportion as the other Paper withdrawn from circulation?—It could not, except by barter.

Is the Paper of private Bankers in Ireland taken in the same way as the Paper of the Bank of Ireland?—There are certain parts of the country where different Bankers may have local interest, but in general there is an undoubted preference given to the Bank of Ireland Paper. In the common transactions of life, Dublin Paper is not refused any where.

In Dublin, is the Paper of the Dublin Bankers taken in the same way as the Paper of the Bank of Ireland?—Undoubtedly; for the parties taking it are so near the Dublin Bankers, that they have only the trouble of a walk to go to them and get it exchanged for Bank of Ireland Paper; besides that, private Bankers Notes are received at the Bank of Ireland as lodgments, with this exception, that the Bank of Ireland will not take a lodgment of private Bankers Paper after two o'clock, that they may be enabled to send to the private Banks, and exchange that Paper before the hour of three, the time when the Banks

Mr. Beresford. that in Dublin; nor do they give credit for such lodgment until after such exchange is made. I would add, that as seven eighths of the Bills that are daily payable in Dublin are payable to the Bank of Ireland, the circulation of private Bankers Paper can never be excessive in the Capital.

As the private Bankers all through Ireland are obliged to give the Bank of Ireland Paper for their own Paper, must they not have a considerable quantity of Bank of Ireland Paper lying by them, in order to be prepared for such demands as may be made upon them?—Those who do pay all their Notes in Bank of Ireland Paper must of course have a proportion of that Paper in their desks. I have a knowledge of three country Bankers who do business with myself, one in Ros and one in Tuam, and I never remitted any other Paper but Bank of Ireland Paper to them; I have also dealings with another in Youghall, a very small one, and I never remitted to them any other but Bank of Ireland Paper, except in a few instances. When I spoke of the Banks before in the early part of my testimony, I comprehended Ros as within the district of Waterford, and Youghall within the district of Waterford.

Prior to the passing the Restriction Act in Ireland, did Gold bear any and what premium in the different parts of Ireland?—It did in the North; I have sold Gold there myself for Bills on Dublin at thirty-one days sight, at the rate of 15 and 20 per cent. premium; I mean that I got 3d. and 4d. in the pound for giving Gold for a thirty-one day Bill on Dublin. Suppose a man to give me his Bill on Dublin at thirty-one days, I gave him 88 Guineas, which is £100 2s. Irish, and he gave me back the 2s. and £1. 13s. 4d. which is 4d. in the pound.

Was any part of that premium received by you on account of the risk you run in taking his Bill?—I could have got Bank of Ireland Paper at the same rate, taking off the number of days interest it had to run on the Bill. I will mention another circumstance, which shows there was a discount in the country of Derry for convenience at that time, similar to what there is now. I could get in Derry 2d. in the pound for exchanging Bank of Ireland £100 Notes for single Guinea Notes of the Bank of Ireland.

Has the circulation of the Bank of Ireland Notes increased in the North of Ireland since the Restriction Act, and to what amount?—The chief trade of the North of Ireland is the linen trade, and till within these few months no weaver would take Paper of any sort for his linen, but within these few months they do take it; but they have two prices for their linen, a Paper price and a Gold price.

Do you know what the difference is between the Paper and the Gold price?—It depends upon the price of Exchange between Dublin and London.

From what circumstance has it happened that they now take Paper in the linen markets of the North?—Because there is not Gold enough in circulation to purchase the linen that is exposed to sale in the different markets; and if they did not take Paper, they could not sell their linen.

Has the demand for linen increased, or the Gold diminished in the North, within the last two years?—The Gold has manifestly decreased in the North, and I rather think the Linen Trade has decreased too.

To what causes do you assign the high rate of Exchange against Ireland?—It is to be attributed to many causes, the principal one, I think, is owing to the want of a common medium of circulation between the two countries; but that would be insufficient to occasion the high Exchange against Ireland, if it were not for the vast sums of money we are under the necessity of remitting to the landed proprietors of Ireland who reside in this country, and who are very much increased of late years. The considerable sums of money which we remit for the charges and interests of loans, and a number of other things that need not be recapitulated, as they are sufficiently known to the Committee, render the amount of payments to be made by Ireland to England considerably greater than what she has to receive from England; at the same time, if there was any common medium of circulation between the two countries, the Exchange never could rise above the expense of removing that medium of circulation from one country to the other. I beg leave to observe, that I do not think the money that has of late been borrowed in England and remitted to Ireland, has been sufficient to counterbalance those evils.

If the two countries remain in their present relative situation is it not more than probable that the Exchange will rise still higher against Ireland than it now is?—I think it will. *Mr Berresford.*

Have you ever considered to what height it may possibly rise the first year that a loan shall not be made in England for Ireland?—If we were only to compare the probable payments and receipts as they are likely to be on Ireland ceasing to borrow from England, one would think that the loss on Exchange would be nearly doubled, but I am apt to think that it is an evil which will correct itself in course of time, and when it rises to such a pitch will probably lead home the absentees to their own country, and probably induce some of those English manufacturers who now supply us with their manufactured goods, to remove their capitals and works to Ireland, as the articles will not bear so heavy a tax as the Exchange will then be.

Can you form any idea as to the best mode of remedying the inconvenience which Ireland now suffers, arising from the course of Exchange with England being so much against Ireland?—I should be sorry to state any speculative opinions, but as we have no Gold to answer the purpose of a common circulating medium, I see no remedy, except by forming some Paper which may be a common circulating medium, if the interest and circumstances of the two Banks would suffer them to be united, that might form a common circulating medium; but I understand the Directors of both Banks have some solid objections, which come much more within their knowledge than it can within mine, to prevent such junction; there is one other method by which I think a species of medium might be obtained, which might correct the exorbitant Exchange between the two countries, if the interest of the debts of both countries were payable at the Bank of either, at the option of the holder, payments might be made between one country and the other by transfers of Stock, in the same manner that they were formerly made in the Bank of Amsterdam, by transfers of credits on the books of that Bank. This idea was suggested to me by the circumstance of that contract for a loan which was made in Ireland by Mr. Borrowes, at the time that he issued duplicates of Debentures in this country, as the price of those Debentures during that year were made a criterion of the price of Exchange, and were commonly sent from one country to the other as remittances, I am therefore induced to think, that when it could be so much easier done by transfer, it would be much more apt to be generally adopted.

When did the issue and circulation of Silver Notes take place?—I cannot exactly recollect, but it was about the time that Mr. Sadler, of Cork, was examined before the Irish House of Commons about the issue of his own Notes to his manufacturers, which I believe was in the year 1798.

What proportion does the amount of Silver Notes bear to the Notes and Bank paid Bills above three Guineas of the country Bankers of Ireland?—I find it difficult to form a judgment; but, to the best of my judgment, O'Neil's were about one fifth.

Do you imagine they hold the same proportion in other instances?—I rather think not, as O'Neil forced his Silver Notes very much into circulation.

Do you conceive that the reduction of the quantity of Bank of Ireland Paper has a tendency to reduce the quantity of Paper issued by the private Banks?—I do.

Have the Stamp duties paid by private Bankers increased or diminished of late years?—Confidently increased; and as that increase may tend to contradict an assertion which I have made, that the Paper currency of the private Banks of Dublin has not increased, I will explain the reason. Since the stoppage of Gold, the greater part of the trade of the private Bankers of Dublin has been in small Bank Paid Bills, most of three and five Guineas; and as by act of Parliament the Bankers are necessitated to cancel these Paid Bills when brought in, and not re-issue them as before the passing of that Act, the quantity of the Paper issued by the private Bankers has considerably increased, though the amount outstanding has not increased.

Mercurii, 18^a die Aprilis 1804.

WILLIAM COLVILLE, Esq; again Examined.

HAVE the Directors of the Bank of Ireland ever made any loans or advances to any of themselves on a deposit of Government securities?—I wish to decline answering that question for the present, until I can further consider of it; and my

Mr. Colville.

Mr. Colville. my reason is, that I think the object of that inquiry cannot be satisfactorily answered, without divulging what I find may be disagreeable to the Bank at large, although in that particular I do not individually agree with them; but I must here observe, that there is no oath more solemn than that taken by the Directors of the Bank, by no means to be influenced by private interest, favour or affection, in the administration of the funds of the Bank; and I must here recall to the recollection of the Committee, that I did state in my former Examination, to which I beg leave reference may be had, that I myself frequently borrow Money from the Bank upon Government securities; and it would be necessary to inform the Committee that the Directors of the Bank of Ireland, like those of the Bank of England, are mostly composed of mercantile men; and if the consequence were to be that a mercantile man, in a considerable and extensive business, was to be precluded from the benefits arising from that public institution, where the salary is but £. 150 per annum, whether it can possibly be conceived that proper Directors could be obtained adequate to the direction of such an institution.

JEREMIAH D'OLIER, Esq; again Examined.

Mr. D'Olier. AS advances from the Bank are usually made for 61 days, and the security fold in the market if not redeemed; does it not happen sometimes that the Bank are both buyers and sellers of the same security?—The Bank of Ireland never have become the purchasers of any stock fold under their direction, for not having been redeemed according to the terms upon which Money had been advanced upon it; and I do believe it is impossible to find a member of that Board who could be induced to become a purchaser of any stock fold under such an order.

Have the Bank of Ireland ever negotiated Bank of England Notes in that country?—The Bank of Ireland, I believe, in 1797, received a sum of about £. 400,000 part of £. 1,300,000, which had been remitted to the Treasury of Ireland on account of a loan made in this country; it had been sent by the order of the Government to the Bank of Ireland, and an agreement had been made for the Bank to receive it at an Exchange of 6 per cent. which was more favourable to Government, I believe, than that upon the Exchange of Dublin; for merchants Bills conditioned also, that if it could not be turned into Money, within a limited time agreed upon, that an interest of 5 per cent. should be payable upon whatever advance remained undischarged.

In what manner were those Notes disposed of?—They were sold to such Persons as applied for them.

At what premium?—I believe most of them were sold at the price at which they were taken; it was not a profitable transaction to the Bank, as well as I recollect, and the business was undertaken from a sense of duty, for the accommodation of the Government who wanted the advance.

Do you conceive that those Notes, being in the Irish market had any effect upon the Exchange between the two countries at that time?—There can be no question, that the excess in the payments that were made by those Notes of the Bank of England, beyond that of the payments to be made by Ireland in England, did operate effectually to lower the Exchange; and those Notes were of course sold as Bills of Exchange.

WILLIAM COLVILLE, Esq; again Examined.

Mr. Colville. MUST not a considerable proportion of the Bank of Ireland Paper continue at all times in circulation for the purposes of internal commerce, without payment being demanded for it, whatever temptation the high rate of Exchange might present?—I conceive that the circulation of Bank of Ireland Paper, being entirely local, will continue, if issued by the Bank, to circulate in Ireland, notwithstanding the temptation of a high Exchange existing against the country; I mean, however, that this can only be the case while the Bank restriction act is continued.

Might not a considerable proportion of the Guineas issued from the Bank in payment of their Paper, remain in the country, and not be sent out for any purposes of remittance, even though the rate of Exchange were very much against Ireland?—That question is a very important and interesting one indeed: my opinion is, that the trade of the country would find a circulating medium, even if Paper was entirely annihilated, but the consideration upon this important point, supposing Exchange to continue against the country, whether that species

Mr. Colville.

of circulation would be attended with such infinite difficulties, that such a remedy resorted to by withdrawing the restriction upon the payment of Specie, before the country was properly and gradually prepared for it, might have fatal and dangerous consequences that can scarcely be appreciated, inasmuch that, in such a circumstance, such circulating medium must be brought into Ireland at an enormous expense, and would again be as suddenly withdrawn to pay the debt of the country, and must be again brought back at an enormous expense; in which operation, extensive bankruptcies must take place, all kinds of articles must, in my opinion fall to unnatural low prices, tenants could not pay their rents, and the consequence in this case would be to the absentee, that in place of losing 10 per cent. they probably would get no rents at all; merchants would not be able to pay their Bills, nor could the revenues of the country in such a case be possibly collected.

Were not Guineas the common circulating medium between England and Ireland before the restriction on the Banks took place?—They certainly were.

If the balance of payments between England and Ireland should be uniformly against Ireland, and if the restriction was taken off, would not England receive Guineas from Ireland in payment for the balance due, as long as they could be obtained, and the Exchange remain nearly at par?—England certainly would, as far as the Guineas could be procured for that purpose.

After the transfer of so many Guineas as could be spared from Ireland, and the balance continuing unfavourable, would there not a period arrive at which the Exchange must arise above par and against Ireland?—That period certainly must arrive.

Would not such Exchange become more and more unfavourable to Ireland, in proportion to the progressively increasing payments to England?—In my opinion it certainly would.

Would not the Guineas necessarily remaining in Ireland, bear a premium nearly equal to the amount of the Exchange above par in England?—I should suppose in such a case that Guineas would be very scarce, and, like all other commodities where the demand is far greater than the supply, they must bear a very high price indeed.

If any common Paper could be established between the two countries, would not such Paper find its way to England, the same as the Guineas, under the same circumstances of the balance of payments?—In my opinion it certainly would.

Does there appear to you any method of reducing the Exchange between England and Ireland, other than by a reduction of payments between the two countries?—In my opinion there is no other method.

If, as you have affirmed, Guineas, like all other commodities, where the demand is far greater than the supply, must bear a very high price indeed, does it not follow that Bank of Ireland Paper also must advance in price, (that is to say in its value in exchange for Gold and other articles) in proportion as through the diminution of its quantity the demand for it becomes greater than the supply?—I think the general principle bears upon Paper as well as Gold, but whether it bears with equal force I am not able to state, nor do I think that the precise difference of force can ever be accurately ascertained.

Do you then admit that a general augmentation of the circulating medium of a country, whether consisting of Gold only, or of Gold and Paper, or of Paper only, has a tendency to augment the price of articles in exchange for such circulating medium?—It certainly has, unless as the circulating medium augments, that the articles that are to be influenced by it do not augment in an equal proportion.

Supposing the circulating medium to consist, as is now the case in Ireland, of Paper exclusively, or almost so; and suppose such Paper to be augmented in quantity; suppose also the general price of articles in exchange for such Paper to be raised, as you have admitted, will not such rise operate as a temptation to foreign countries to enlarge their export of Goods into Ireland, as long as the Exchange shall remain the same; inasmuch as an advanced price of Goods in Ireland, other things being equal, must give an additional profit to the foreign exporting merchant?—I think, before this question can be answered, the state of Exchange, which is mentioned in the question, must be more particularly explained, that is, whether the Exchange is against the country or in favour of it; but as a general principle, I have no objection to give it as

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my opinion, that the raising of the price of a foreign commodity in any country, higher than what it was before, must be an inducement to bring in more of those goods into that country.

Will not the same general advance of prices in Ireland, which an augmentation of Paper is admitted to produce, operate as a discouragement to the exportation of Irish articles, as long as the Exchange shall remain the same, which shall be assumed to be at par?—I can give no answer to this; but again repeat, that, as a general principle, every thing that raises the price of the article to be exported, so far as that raised price goes, operates to lessen the exportation of such commodities.

Will not this augmentation of imports into Ireland, and diminution of exports, occasion an increase of Drafts upon Ireland, and a diminution of remittances to Ireland, and a consequent rise of the Exchange?—I certainly think that whatever increases the imports, and decreases the exports, must tend to put that country in a worse situation than it was before, and consequently to raise the Exchange against it.

Do you not then admit that an augmentation of Paper in Ireland, since it has a necessary tendency to raise the price of goods, and since the rise in the price of goods has a necessary tendency to augment the imports into Ireland and to diminish the exports, and since that augmentation of imports and diminution of exports of necessity raises the Exchange, may be considered as the radical and primary cause of a rise in the Exchange?—I think, as a general principle, that an undue issue of Paper will operate in part to the end mentioned; yet, with the permission of the Committee, I will beg leave to put them in mind of Mr. Hume's opinion on this point: Mr. Hume, who certainly was the greatest writer on those subjects, in my humble opinion, was a decided enemy to Paper circulation; and he argued, upon the principles which we have now been considering, that every increase of the circulating medium, whether of Gold or of Paper, that bore upon prices and raised them, tended to increase imports and to decrease exports; but if I recollect him right, he said, and made a strong distinction between the increase of Gold and the increase of Paper, inasmuch as the increase of Gold was the object of every nation's attainment; and that the bad consequences from such increase of Gold was only those evils which necessarily attended all human affairs whatever.

If an augmentation of Paper has (as you seem to admit) a tendency to raise the Exchange in the manner which has been suggested, does it not follow that such rise in the Exchange will be proportionate, or nearly so, to the augmentation of the price of commodities in Ireland; and will not the rise of Exchange form a compensation to the merchant exporting goods from Ireland for the too high price to which goods in Ireland have been raised?—I should be sorry if it was understood that the circulation of Paper is the cause of the high Exchange; it has been induced by political necessity, and if the Restriction Bill is continued, it must be continued from the same cause; for, upon reference to a former part of my evidence, it will be found, that I gave an express opinion, that as far as the circulation of Paper went in Ireland it had the effect of keeping down the Exchange, and not of raising it; the high Exchange against Ireland being clearly and decidedly to be accounted for independent of the circulation of Paper at all.

Peritis, 20^a die Aprilis 1804.

ROBERT MARSHALL, Esq; Inspector General of Imports and Exports of Ireland; Examined.

Mr. Marshall.

HOW long have you been in that office?—Between three and four years.

Appendix (B.)

Account of Imports and Exports returned to the Committee, being shown to him—See Appendix (B.)—It is an account returned by my office.

Do you observe by that account, that the balance of trade has been against Ireland continually during the last four years, and in favour of Ireland during the preceding fourteen years?—I do; and the account is made up on the official value.

Appendix (T.)

Have you made up the account according to the prices current for any of the last years?—I have, particularly for the year ending 5th January 1803.

Does that account make the balance for that year different from the one stated

stated in the account before you?—It does materially. The balance with the imports and exports computed on the official rates is £. 996,858. 8s. 8½d. against Ireland.

Mr. Marshall.

What do you mean by balance against Ireland?—An excess of Imports over Exports.

How does your account make the balance?—The balance, according to the prices current on the wharfs of Ireland, is £. 917,299. 1s. 7½d. in favour of Ireland. The amount of Exports of that year being according to such price, the sum of £. 8,571,412. 17s. 6½d. and of Imports the sum of £. 7,654,113. 15s. 11d. making the above excess in favour of Exports—See Appendix (S.)

Appendix (S.)

State the general grounds on which the current value differs so materially from the official value, as to make a difference of above £. 1,300,000, in that year?—In order to do so, I beg leave to submit to the Committee the result of some inquiries which I thought it my duty to make into the nature of official rates. The Imports and Exports of Ireland were first registered in the year 1697; the rates upon which they have been computed have been frequently altered in most of the leading articles, and perhaps may have been originally intended to represent the real rates of each year respectively; I judge so from the frequent alterations of them, and from observing in the books in my office, that the columns of value are headed "Medium Price Current." For the year 1790, however, in which year I believe my immediate predecessor was appointed to the office, and from that year to the present time, the rates have not been altered, except in a few instances which are immaterial; with this exception therefore, the Irish official rates have now remained about thirteen years unaltered.

Upon computing the imports and the exports of Irish produce for the year ending 31st January 1803, at the prices current upon the wharfs at home, the amount was found to be, of the imports 32 per cent. and of the exports 69 per cent. above the amount of the same respectively, computed upon the official rates.

From this disproportionate rising of the exports above the imports, the balance of the exports for that year, when calculated upon the prices current, appeared to be £. 917,299. 1s. 7½d. in favour of the country, and when calculated upon the official rates, to be £. 996,858. 8s. 8½d. against the country. Besides that, our official rates have thus become defective as to balances; they are also much deteriorated as to the use which is made of them; for, comparing the total quantity of either imports or exports at different periods, this deterioration arises from some of the articles in the import list and also in the export list having risen in real value disproportionately to others in the same list respectively, if such total quantity does not at every period of a comparative statement consist of the same proportion of articles that are rated equally high or low, the result of the comparison will be erroneous. This has been the case more or less in all our comparative statements, as might be proved in a great many instances among our leading articles; but it will be sufficient for the present to give an instance of a single article rated high for one period, and of a single article rated low at another period:—Thus,

Anno 1802:		Official.		Real.	
Yards		s.	£.	s.	£. s. d.
142½ Old Drapery - -	at 14 per Yard -	100	at 7 - - -	50 - - -	
Anno 1803:					
Tons		£.	£.	£.	£. s. d.
3½ French Wine - -	at 20 - - -	100	at 105 - - -	403 16 11	

Here the official value in both years is alike, namely, £. 100, but I cannot conceive in what sense the relative quantity of trade can be said to be alike. With respect to the prices current, the first year so far from being equal to the second is not one eighth of it. Another defect in the official rates, which must have sub-

sisted

Mr. Marshall lifted from the beginning, arises from the import list, which is supposed to be computed entirely on the official rates, containing in it many articles that are entered on value, that is, generally speaking, real value; this real value, has been always rising, and therefore, the same sum which represented a certain quantity of apparel, for instance some years back, represents a less quantity of that article at present, and will probably represent a still less quantity of it for the time to come; of the amount of the imports of the year ending the 5th January 1803, about one tenth was entered upon value.

Appendix (T.)

Can you name the leading articles of the trade of Ireland on which the great difference between the values is most material?—An account of the official and real rates of value for some years back has been ordered by the House, and may be expected to arrive in London in the course of a day or two:—See Appendix (T.)

Have you turned your mind at all to the pecuniary intercourse at large between the two countries, and can you state how the the general balance stood in the year ending the 5th January 1803?—I have examined into it very minutely, concerning it to be my duty to do so, as the balance of debt upon the entire pecuniary intercourse between the two countries was supposed to have occasioned what has been generally termed the high rate of Exchange; and I shall be ready to enter into the particulars of that statement to-morrow, or as soon after as the Committee shall think fit.

What is the rate of Exchange between England and Ireland, and how has it stood for some time past?—In order to answer that question, I will beg leave in the first place to state some facts, which prove, that Bank Notes, including Bankers as well as Bank of Ireland Notes, are not exchangeable for Specie without a premium; and then I will proceed to state some acknowledged principles and facts relative to the rate of Exchange, together with such opinions as I have been enabled to form on the subject; first, as to the premiums upon Specie—A premium has been taken upon Change in Dublin ever since the year 1799, for exchanging Bank of Ireland Notes for Specie; the premium did not exceed 5 per cent. on the amount of the Notes prior to the summer of 1803; but since that time it has risen to 10 or 12 per cent. Secondly, there are also Specie shops, as they are now called, in some of the principal Streets of Dublin, with these inscriptions over the Door, “Guineas bought and sold here,” and “Bank Notes exchanged for Guineas, &c. &c.” About the time of the insurrection^{the} 23d of July last, the retail price for a Guinea in Gold was a Paper Guinea and 2s. 8½d.; on the 31st December 1803, the day on which I made my last inquiry on the subject, the retail price of a Guinea in Gold was a Paper Guinea and 2s. 2d. Thirdly, about the end of December last, the price of a Bill in Dublin upon London for £ 100 British, was £ 116. 10s. Irish, if purchased with Irish Bank Notes; but if purchased with Specie, the price was only £ 106. 10s. Irish. Fourthly, but it is not only when we buy Bills of Exchange that we find out the premium, we perceive it also in all our domestic transactions: the man who goes to market with a Guinea in Gold has an advantage, to the extent of the premium, over another going to market with a Guinea in Paper; the man with the Guinea in Gold calls in his way to market at a Specie shop, and sells his Guinea for a Paper Guinea, and the premium; he has then a Bank Note of equal value with that of the other man, and he has besides the premium. Fifth, the premium given with Bank of Ireland Notes, when exchanged in Dublin for those of the Bank of England, is much the same as when exchanged for Specie. From these facts, it appears, that Irish Bank Notes want 10 or 12 per cent. of the value of Specie. It is contended, that the value of Bank Notes is not depreciated, but has remained stationary; and that this difference of 10 or 12 per cent. is occasioned by the rising of Specie. Specie could not have risen so high in Ireland, or, which is the same thing, all her commodities could not have fallen so low as 10 or 12 per cent. and have continued so that state for any considerable time, circumstanced as that country is with regard to Great Britain; because such a degree of cheapness of all commodities in Ireland would have attracted Specie from Great Britain where it has not risen materially, and reduced the value of it to the ordinary level. But were it possible that Specie should have risen with regard to all commodities in Ireland 10 or 12 per cent. or any supposable height, Bank Notes which were issued for Specie at its current value, whatever it may be, ought of course to have risen *pari passu*, and to be exchangeable for it; and therefore, whatever Bank Notes may now want of this exchangeable property, must be considered as a falling-off from their original value, or a depreciation, to that extent.

In speaking of Bank Notes, I speak of the Paper currency of Ireland at large issued by Bankers.

Mr. Marshall.

Are you of opinion that the Paper currency of Ireland at large is depreciated? — I am clearly of that opinion, for the reasons I have mentioned.

To what cause do you ascribe the depreciation of Paper, whether from discredit, or over issue, or otherwise? — As to discredit, I never heard the solvency of the Bank of Ireland doubted by any one, and I am inclined to impute it to an over issue, but I cannot give a decided opinion; I mean an over issue of Paper in general, and not of the Bank of Ireland particularly.

Do you conceive there could be an over issue of Paper in general, if there was not an over issue from the Bank of Ireland? — I should think it possible. I do not think there is any effectual check or limitation to the issues of the private Bankers. I cannot conceive that they often experience a run in consequence of any alarm in the country, because their Paper is in general considered as good in the event of any disturbances in the country, as the Paper of the Bank of Ireland.

Do you not conceive that the limitation of the Bank of Ireland Paper may have a tendency, in some measure, to limit the Paper of the private Banks? — I apprehend so to a certain extent.

Do not you conceive that the difficulty of detection of forged Bank of Ireland Notes by the holders of them in the country, has a tendency to prevent their circulating there to the same extent as the Bank Notes of the country Bankers in the immediate vicinity? — I am inclined to answer in the affirmative, but I have never lived in the country parts of Ireland.

State your opinion as to the Exchange? — The rate of Exchange in general, properly speaking, may be defined to be the difference between the quantity of Bullion paid for a Bill in one place and received for it in another. 2dly, In places where Specie is of the same weight and purity (as in Dublin and London, for instance) the real rate of Exchange is the difference between the quantity of such Specie paid for a Bill in either place, and received for it in the other. 3dly, In order to find the real rate of Exchange between one place and another, the currency of the two places must be reduced to some measure of value common to both. 4thly, Ireland exchanges with London only, and the exchanges, generally speaking, through Dublin. 5thly, The real rate of Exchange therefore in Dublin, results from the existing state of the entire pecuniary intercourse of Ireland with all countries. In Dublin, Bills purchased with Specie, or, which is the same thing, with Bank of Ireland Notes, equal in amount to Specie, at their market price, have generally yielded in London more Specie than they cost in Dublin, ever since the suspension of cash payments, except during the two years of scarcity in 1799 and 1800; with the exception of these two years therefore, the real rate of Exchange has been generally in favour of Dublin. That the Exchange has appeared to be against Dublin is owing to its being always computed in Bank Notes, which having ceased to represent the full quantity of Specie for which they were issued, require an additional number of them to make up that quantity; this additional number has swelled the Exchange, and made it appear to be against Dublin, when in reality it was in its favour.

A state of things somewhat similar has often occurred, and particularly during the reign of King William, in the intercourse between London and Holland. Dr. Adam Smith mentions, that the computed Exchange with Holland was then owing to the clipp and debased state of our Coin, 25 per cent. against London, though the real Exchange might have been in its favour; the Exchange, no doubt, was computed in the depreciated currency of the day, as the Exchange in Dublin is at present.

We may at any time form a pretty good idea of the real rate of Exchange between Dublin and London, by the rate between Belfast and London, as these two rates have never been known to differ more than from $\frac{1}{2}$ to 1 per cent., unless affected for a moment by some special circumstance. They are alike at present, the difference being only in the manner of expressing them; were they both expressed in Bank of Ireland Notes, or in Specie, they would be found to be about £16. 10s. in the one case, and £6. 10s. in the other, in both places; the rate of Belfast therefore having been generally in its favour of late years would be another proof, if it were wanting, that a favourable rate has also existed in Dublin during the same period. However difficult it may be to persuade our Absentees of the fact, it is nevertheless true, that with regard to the Exchange they are gainers by residing out of the country; were they in Ireland they would receive indeed

Mr. Marshall. about 10 per cent. more than they receive at present, but then their receipts would be in Bank Notes, which will not go so far in purchasing any commodities as Specie by 10 per cent. If they were to convert these Notes into Guineas, and with the Guineas to buy Bills upon London, which they may do either in Dublin or Belfast, at about £.106. 10s. such Bills would yield £.1. 16s. 8d. more in London than they would pay for them in Ireland; and I know not how it can be proved, that the rate now quoted of £.116. 10s. is in favour of our export merchants. I am well aware that they are benefited by what is usually called an unfavourable Exchange, but the Exchange is a favourable one, and therefore disadvantageous to them; for instance, suppose an exporting merchant should send to London a certain quantity of linen to the value of £.100 British, and having then a credit in London to that amount, he should go upon 'Change in Dublin and sell his Bill for it, he will certainly sell his Bill for £.116. 10s. but he is paid in Paper money, which will yield only £.106. 10s. Irish currency, just £.1. 16s. 8d. less than he had in London. Now an unfavourable Exchange was always known to produce to the exporting merchant more Specie in Dublin than he had credit for in London, as every exporting merchant will recollect to have been the case whenever he sold his Bill above par, prior to the depreciation of Bank of Ireland Notes.

If we take a general view of the circumstances which have principally caused the Exchange to be favourable to Ireland, notwithstanding the additional drains occasioned by the Rebellion and by the Union, we shall find those circumstances to be, 1st. The large remittances from the British Treasury, for such part of the English Loans as were not retained for interest. 2dly. The money which, since the Union, we have ceased to send out of the country for the pay of the six regiments on foreign service. These sums have amounted upon an average of the six years, ending 31st January 1803, to about £.1,400,000 per annum, a sum which has not only counteracted those additional drains, but must have left so large a surplus to be added to the excess of our exports over our imports as to have greatly improved the annual balances of debt upon our entire pecuniary intercourse with Great Britain, and from this improved state of those balances has resulted the favourable Exchange above mentioned. In the early part of last year I made out a statement—(See Appendix, No. 11.)—of the balances of debt, as well as I was able, for every year since the suspension of Cash payments; and from the correspondence which in general exists between the respective balances and the real rate of Exchange, it may be fair to infer that the statement has sufficient relative accuracy. Upon examining the balances in this statement, in order to see whether they have had any influence upon the depreciation of Bank Notes, it appeared that the balance of the year 1797, when the depreciation began, was the most favourable ever known in Ireland, owing not only to a large excess of our exports over our imports, but to great remittances from the British Treasury; and it should also be remarked of this year, that it was preceded by an Exchange steadily favourable to Dublin, which proves that we did not owe a balance to London; the depreciation nevertheless originated in this year, and at one period of it was upwards of 5 per cent. in Dublin, and about five per cent. in the North. Afterwards, during the two years of scarcity, when the balances were really unfavourable the depreciation did not exceed 5 per cent.

And since, though the balances have been always favourable, the depreciation has risen to 10 or 12 per cent. From this examination we may conclude, that the depreciation has not been influenced by the state of the balances of our external transactions, and that no excess of our exports over our imports, nor any favourable balance of the entire pecuniary intercourse between the two countries that can reasonably be expected, will have the effect of raising Bank Notes to the value for which they were issued. I will now endeavour to trace the progress of the depreciation, through the various events which may be supposed to have led to the hoarding of Specie, in order to see how far the depreciation is to be attributed to circumstances connected with the security of Ireland. Prior to the Rebellion of 1798, the depreciation was not much more at any time in Dublin than 2½ or 3 per cent. About the time of that Rebellion, the depreciation rose to about 5 per cent.; it was soon reduced in the North, and at times became scarcely perceptible, in consequence of some judicious arrangements made by Government for supplying the demands of the military. From the suppression of the Rebellion to the end of the war with France, the depreciation fluctuated from 15s. to 5 per cent. From the Preliminaries to the King's Message, which may be considered as a period of peace, the depreciation gradually

Appendix, N° 11.

gradually fell to 2½, and then rose in like manner to 4½ per cent. From the re-commencement of the war till a few days prior to the insurrection on the 29d of July last, the rise was not very material; but just about the period of that event there was a sudden rise to 7½, 10, and 11 per cent. Almost ever since we have been in a constant expectation of an invasion, and the depreciation has fluctuated from 9 to 11 or 12 per cent. Hence it appears, that the depreciation cannot be owing *entirely* to general apprehensions of danger, as in that case the depreciation would have ceased at the peace, when those apprehensions must have subsided; but it may be fair to ascribe to them at least the great and sudden rise which took place about the time of the insurrection, and has continued to the present day. I have not the means of inquiring whether the rate of depreciation has corresponded, from time to time, with the amount of the Paper currency, as the Notes of the private Bankers, which are supposed to form so considerable a part of it, cannot be ascertained. If the Specie had left Ireland it would not be difficult to trace so large a quantity in its exit; but it appears to me, from the best inquiries I have been able to make, that much more Specie has been imported into Dublin for these last six or seven years than has been exported from it; and the real rate of Exchange, during that period, having been generally favourable to Dublin, is, in my mind, a proof of the fact; it seems then to follow, that there is or ought to be in Ireland a large quantity of Specie. The practice of hoarding Specie must be greatly facilitated, by the readiness with which Bank Notes can be procured for supplying its place; at present there seems to be no other limitation to the issuing of Notes, than the amount of the good security which the borrowers have to offer for them, and therefore, as all the Bills of the solvent merchants, the public Funds, and the rest of the property of Ireland, as well real as personal, are all good security for borrowing on, Bank Notes issued upon this principle might, by a possibility, be so far extended during a restriction of Specie, that a Paper Guinea (to state an extreme case) might scarcely be exchangeable for a Silver Sixpence. I would wish to add, as to the period when the depreciation commenced, that almost immediately after the suspension Guineas bore a premium of about 2½ or 3 per cent. Specie shops were not opened till some time after, nor was Specie usually sold upon 'Change before the end of the year 1798; prior to this period therefore it is difficult to procure any very accurate account of the depreciation; it began with the colliers requiring Specie to pay for their coals in England; and, I believe, that persons having Specie to dispose of had not at first any market for it, except upon the quays at Dublin.

To what extent do you conceive the transactions of the Specie shops may be carried?—I cannot form a precise opinion.

THOMAS THORPE FRANK, Esq. being present; Answered,

When Gold was the most plentiful, the greatest quantity that I have purchased in the month was 30,000 Guineas; and the smallest quantity, when Gold was scarce, as it is now, 5,000. I consider my house to do as much business in that way as all the other houses in Dublin.

State as to the amount of English Bank Notes purchased in Dublin.—Very few English Bank Notes are brought to us for sale in Dublin; we import them from the Bank of England.

How do you pay for the Guineas brought to you for sale?—In Bank of Ireland Notes.

How would it have been if you had paid for them in the Silver current in Dublin?—No one would have taken it, and it would have been highly disreputable to offer it.

From what description of persons, and in what quantities, do you purchase the Guineas?—We purchase the greatest quantity from country shopkeepers, who come up to Dublin to purchase goods, and in all quantities from one Guinea upwards; we sell the Guineas in all quantities, for the purpose of coming to this country; we send large quantities to London, for the purchase of English Notes.

Mr. Marshall.

Mr. Frank.

Mercurii, 24th die Aprilis 1804.

ROBERT MARSHALL, Esq. again Examined.

Mr. Marshall.

YOU stated in your last examination, that you would lay an account of the pecuniary intercourse between England and Ireland, before the Committee, are you now prepared so to do?—Yes, I will now state the account. The objects of it are to ascertain, first, whether the balance of debt has upon the whole been more or less favourable to Ireland in the six years which followed the suspension, than in the six years immediately preceding it; by balance of debt, I mean the balance on the entire pecuniary intercourse between the countries. The second object of this account is, to show whether the balance of debt has influenced the depreciation of the Paper currency. With regard to the first object, there are no documents which ascertain, with any degree of certainty, the drains by smuggling, the remittances made to absentees, and many other matters; but all the difficulty which arises from the want of such documents may be removed, by assuming that the general balance of debt must have been favourable to Ireland at the period of the suspension, as the Exchange in Dublin was then steadily favourable; because we are able to show whether the circumstances which have since arisen have had any, and what effect, upon the state of things assumed to have been favourable at that period. The general balance of debt may be divided into six heads; in the dividing of them, I will beg leave to state under each head whatever new circumstances have arisen since the suspension.

1st head, the drains by the practice of smuggling: It does not appear that smuggling has increased, though we were at peace during a part of the period, as far as can be judged from a statement, which I beg leave to submit to the Committee, of Tobacco legally imported; Tobacco being the principal article smuggled into Ireland.—[Statement delivered in, and read].

2^d head; the balance between the contribution of Ireland, and her expenditure for the public service at home: no remittances have actually been made hitherto from either country to the other on this head.

3^d head; the drains by absentee Landlords, mortgages, placemen, pensioners, &c.: The drains which have been added since the suspension can scarcely have amounted to more than £.500,000 per annum.

4th head; the balance of remittances on account of the sale of estates and funds, and of Loans and Lotteries: a larger sum than usual is said to have been remitted to England, on account of estates and funds sold in Ireland, but the excess probably has not amounted to £.500,000 or £.600,000 since the suspension; as to Loans and Lotteries, the balance is rather in favour of Ireland.

5th head; the balance of the imports and exports of Ireland, not only from and to Great Britain, but from and to the rest of the world, our foreign trade being paid for in general by Bills on London: from the defectiveness of the official rates of value upon which our trade has been computed (except during the last five or six years) we are not able to exhibit our balances even with relative accuracy; but a pretty good idea may be acquired of the favourableness or unfavourableness of them, upon the whole, by running the eye over the quantities of the leading articles for any two periods. An Account, which I will deliver to the committee in a day or two, is made out for that purpose; it contains the annual average quantities of the leading articles of imports and exports, during the seven years ending 25th March 1796, and during the seven years ending 5th January 1803; but we must bear in mind that the exports have risen in value much more than the imports in the latter of the two periods; such a general inspection of this account will be satisfactory as to this point, namely, that upon the whole, notwithstanding the two years of scarcity, the result will not be more than a million, or a million and a half, against Ireland.

6th head; the remittances from the British Treasury to the Irish Treasury, on account of Loans raised for Ireland: the British Treasury deducts from the last Loan the interest upon all former Loans, and sends the remainder to Ireland; and (though it is a fact not generally attended to) not a single shilling of the interest upon these Loans has

ever

ever left Ireland since the suspension. The actual sums remitted to Ireland during the six years ending 5th January 1803, produced, as I have been informed, in Irish currency, about £.8,000,000 or £.9,000,000; and as no Money was sent to Ireland on account of Loans for many years prior to the suspension, the whole of this sum of £.8,000,000 or £.9,000,000 is to be added to the favourable side of the general balance of debt; from this statement it appears, that no material alteration has taken place in any one of the two first heads; that the third head cannot possibly have drained Ireland in the six years which followed the suspension of more than £.1,500,000, and the fourth head of more than £.500,000 or £.600,000; nor the fifth head of more than £.1,500,000, and that under the sixth head the sum of about £.8,000,000 or £.9,000,000 has been actually remitted to Ireland, which is more than double the amount of all the drains above mentioned, widely as they have been extremely estimated; and therefore the balance of debt which was assumed to have been favourable to Ireland at the time of the suspension, has since that event been very considerably improved. We come now to the second object; whether the balance of debt has influenced the depreciation of the Paper currency? I apprehend, that the readiest means of deciding this point, will be by a comparison of the balance of debt every year since the suspension, with the rate per cent. of the depreciation in the same year. A Paper, which I now deliver to the Committee, will exhibit an account of those balances; it contains only two of the heads in the foregoing statement; namely, the fifth head, being the balance of imports and exports computed at the prices current upon the wharfs at home (which balances are in general comparatively accurate); and the sixth head being the remittances to Ireland on account of Loans (according to a statement which I received at the Irish Treasury). No material incorrectness will arise from the omission of the other four heads, as they have nearly the same effect upon every year in the statement; I will also deliver in to the Committee a table of the rate of Exchange, Specie for Specie, between Belfast and London, which, as I stated on a former day, does not differ very materially from the Exchange between Dublin and London. I have referred to this table in the following comparison, merely to show the correspondence which in general exists between the balance of debt and the real rate of Exchange. First year ending 25th March 1793; the suspension happened about the commencement of this period; the balance of debt was very favourable, having amounted to £.2,621,489. The Exchange fell, and at some periods of the year was more than 3 per cent. below par. A depreciation of the Paper currency commenced in Dublin immediately after the suspension; it did not manifest itself on 'Change, nor were any Specie shops opened; it was perceivable only on the Quays, where the Colliers purchased Guineas at from 6d. to 9d. each, in order to pay for their cargoes at Wustelhaven, &c. and I understand that some merchants also bought large parcels of Guineas about this time, to send to the North of Ireland. Year ending 25th March 1799; the favourable balance of debt fell to £.1,233,236; the rate of Exchange rose, but still was much under par; the depreciation of Notes was 1 per cent. in February, 1¢ in March, 2¢ in April, and nearly 5 in May, but afterwards it fell considerably. Specie shops first appeared in this period, and towards the latter end of it; Specie was also sold on 'Change. Year ending 25th March 1800; the balance of debt was unfavourable (from the failure of our Crops) to the extent of £.243,200; the Exchange was often above par; the depreciation was from 2 to 3 per cent. Year ending 5th January 1801; the periods were changed in this year; the balance of debt was still more unfavourable, and of course it might be expected that the Exchange should have risen higher, but on the contrary it fell rather lower; perhaps, that as the real rates of value, upon which the imports and exports of this year have been computed, were not made out till two years after the expiration of it, the balance may not be accurately stated; the variation, however, is very trifling, and it should be considered, that the Exchange at some particular periods is affected by a temporary pressure, and ceases to be a just criterion of the state of the balance of debt; the depreciation of the Paper currency was about 2 per cent. Year ending 5th January 1802; the balance was favourable, and the Exchange rather fell; the depreciation was increased to about 3 per cent. Year ending 5th January 1803, the balance was more favourable, and the Exchange fell lower; the depreciation of Paper rather inclined to rise higher.

I will here observe, that the Bank of Ireland suspended its cash payments on 3d March 1797, which was just before the commencement of the first year; Exchange

Mr. Magill.

Appendix, N° 12.

Appendix (25.)

Mr. Mayhew. in Dublin being then rather under 5 per cent. the balance of debt must have been rather favourable to Ireland; this favourable state of the balance of debt was very highly improved by the remittances from the English Treasury, as also by a very large excess of exports over imports, which yielded the largest balance in our favour ever known, reduced our Exchange to the lowest ebb, and caused a greater quantity of Specie to be remitted to Ireland than had ever happened at any former period in this year. Nevertheless, when Specie was so far from being wanted for the purpose of being sent to London, that a full current of it was flowing into Ireland, the depreciation of Bank Notes commenced, Specie continued to be remitted to Dublin for two or three years after the suspension, and returned back to London in large quantities, during the two years in which the balance of debt was unfavourable. From August 1801 to the present time, no remittances of consequence have, as far as I can learn, been made to London in Specie. Bank Notes, however, have never ceased, whether the Specie was coming into Ireland or going out of it; whether the Exchange was under par or above par; whether the balance of debt was favourable or unfavourable to be depreciated, and the depreciation appears to have been higher when the balance of debt was more favourable, and lower when it was less so; and, upon the whole, it is evident, that the depreciation has not been influenced by the balance of debt.

Do you mean, upon the whole of your evidence, to give it as your decided opinion, that the general balance of debt between England and Ireland, including trade remittances, and every pecuniary transaction, has been each year since the restriction on Specie in favour of Ireland?—I do very clearly, except during the two years of scarcity; and upon the whole six years taken together the general balance must have been considerably in favour of Ireland.

Do you also mean, upon the whole of your evidence, to give it as your decided opinion, that there is, and has been, a depreciation in the Paper currency of Ireland, and that the high rates of Exchange which have prevailed, and still prevail, have arisen from that depreciation?—I do; the high Exchange in Dublin, which has now continued for some years, must no doubt have arisen like all other permanently high Exchanges which have ever existed from the depreciated state of the currency with which Bills of Exchange are purchased, and the same remedy might perhaps be resorted to with success in the present case, which has never failed to be effectual on all former occasions, namely, a removal of the depreciation.

Can you state the causes of that depreciation?—I have already stated to the Committee, that it is partly owing to the peculiar state of Ireland at the present crisis, and partly, I am inclined to think, to an excessive issue of Bank Paper.

On what grounds do you form your opinion that there is an excessive issue of Paper?—From its being depreciated, and not being able to assign any other of the common causes to which I have heard depreciation generally attributed.

What do you mean by the peculiar state of Ireland at this crisis?—The disturbed state of it, and its being threatened with invasion.

How can that operate on the Exchanges, except by producing an increase of remittance of Money from Ireland?—It operates by lessening the value of the Paper currency with which Bills of Exchange are purchased.

Must not the non-residence in Ireland of those Absentees, whose Drafts on Ireland are supplied by some persons to have raised the Exchange, have occasioned a diminished consumption in Ireland of Irish produce and manufactures, and in consequence of such diminished consumption, must there not have existed a greater quantity of Irish produce and manufactures, which Ireland has been able to export?—I apprehend so; I have no doubt that the drafts from Ireland by Absentees, however lamentable on other occasions, have had a tendency to force produce out of the country.

Must not the total stock of articles which Ireland has been able to export, have been augmented by the circumstance of the non-residence of Irish Proprietors, nearly in proportion to the amount of the Drafts upon Ireland which those Proprietors may be assumed to have drawn?—Probably.

Can you form any opinion what quantity of circulating medium is requisite to carry on the trade and manufactures of Ireland?—I cannot.

Can you form any opinion what quantity of Paper is in circulation in Ireland, including Bank of Ireland Paper, as well as the Paper belonging to the private Banks?—I cannot.

Is it to be understood that the sole reason for your thinking that the issue of Paper

Paper in Ireland is excessive, arises from your having stated in a former part of your evidence, that in your opinion the Paper of Ireland is depreciated?—It is the only reason which occurs to me at the present moment. Mr. Marshall.

Do you think the Absentees of Ireland an advantage or disadvantage to Ireland?—I have already stated, that I conceived the money which they draw out of Ireland must have the effect of forcing out produce, and so far favourable, upon the whole, I apprehend the country would derive greater advantages from their living in Ireland.

Do you not think that Ireland could find a foreign market for those articles which are forced out of Ireland by the non-residence of the Absentees?—I am not prepared to answer.

To what causes do you attribute the hoarding of Gold in Ireland?—The Rebellion, and the fear of invasion.

Has no other extraordinary demand for Gold arisen in Ireland besides that occasioned by the practice of hoarding?—No extraordinary demand whatever, that I conceive, would be likely to induce any person whatever in that country to give more than 1 or 2 per cent. for it.

What is the extraordinary cause which would induce any person to give 1 or 2 per cent. for it?—An unfavourable state of the real Exchange.

Do not the landholders in the North of Ireland insist on payment of their rents in Gold?—I do not know, but I apprehend that generally throughout the country there is a struggle to receive in Gold and pay in Paper.

Can you state particularly to the Committee the grounds upon which, in your opinion, the balance of trade ought to be computed between any two countries?—I will endeavour to do so; but before I proceed, I beg leave to observe, that the balance of trade has always been very vaguely defined. The difference between the "value of our imports and exports," leaves us in much uncertainty as to the place where they should be valued; that is, whether on the wharfs of foreign countries, or on the wharfs at home; whether we should include the profits of the merchants, &c. &c. And it is owing, perhaps, to this vague definition, that, in computing the balance of trade in Great Britain, our writers upon the subject have been led to take the imports at the increased prices which they produced when sold upon the wharf of importation, exclusively of duty, as if Great Britain paid such prices to foreign countries; whereas she did not, generally speaking, pay so much as the prices upon the wharf by the amount of the inward freight, insurance, and merchants profit. And the exports also have been stated only at the prices current upon the wharf, exclusive of duty, though they were sent to foreign countries, charged not only with the duty, but also with the amount of freight, insurance, and the merchants profit; all of which came into Great Britain as well as the prices current upon the wharf.

However, the prices current upon the wharf will serve as a good and safe foundation upon which the prices paid by the country may be computed; as will be shown hereafter in the case of Ireland.

Every doubt as to what should be the component parts of the estimate of our imports and exports would be easily removed, were we to form in our minds a clear and precise notion of what we really mean by the balance of trade. In my humble opinion, it is, "The difference between the value which a country pays for its imports, and receives for its exports."

Can you state the balance of the trade of Ireland for the year ending January 1803, upon these principles?—I can; the balance was £1,316,814, according to the returns of exports and imports made to my office. In computing the balance of trade upon these principles, I begin with stating the value of the imports estimated upon our own wharfs, exclusively of duties, to have been £7,651,114. As this estimate is the basis upon which it is intended to proceed, I own that very great pains must be taken by the Inspector General in order to form it; which, however, a little practice will enable him to do with considerable accuracy. The prices current of all the leading articles should be ascertained at the end of every quarter, and the value of quantities culculated upon each of them; by dividing the total value of each article for the four quarters by the total quantity of it, very fair average rates may be obtained for the whole year. From the above sum of £7,651,114, should be deducted,

1st, The expence of inward freight: as we have few ships of Irish property, we are obliged, for the most part, to pay other countries for freight, and therefore

Mr. Marshall. fore no great reduction can be made on this head; Ireland possesses, however, about tons of shipping, which must save some money in freight, the amount of which may be pretty nearly estimated, as soon as I shall be able to procure some documents as to the destinations of ships and their respective cargoes, which the proper officer at the Custom-house is at present prevented from making out by a severe indisposition:

adly, The expenses of insuring: few insurances are made in Ireland, except upon coasting vessels, which do not enter into this statement of our external trade:

3dly, The next deduction to be made is the profit of the merchant: the imports, as above stated, were worth £.7,654,114, exclusive of duties; of this sum, one-fourth was either entered upon value, or computed from the ad valorem duties, in both which cases, the profit expected by the importers was not included; but the sum of £.5,740,386, being the remaining three fourths, includes the merchants' profit, as the articles of which it is the value were computed upon the prices current, or, in other words, upon the prices which the articles would sell for (exclusive of Duties) on the wharf of importation.

In order to ascertain, as well as circumstances will permit, the merchants' profit upon these three fourths, or £.5,740,386, it should be considered, that a part of the articles of which that sum is the value has been sold here on English and foreign accounts as it is called, that is, on commission, for the benefit of persons not residing in Ireland; in this case, almost the only profit of our merchants arises from a commission of 2½ per cent. upon the value of the article, including the duty, which left is a considerable portion of the whole value in rum, sugar, wine, &c. &c. &c. The commission in this case, when calculated upon the value as stated by the Inspector General, who always leaves out the duty, will, however, be augmented to 4 or 5 per cent. nearly. In estimating the profit upon the articles thus circumstanced, as also upon those which are sold on Irish account taken together, much accuracy cannot be expected; I am informed by some of the most intelligent merchants of extensive dealings, that 8 per cent. would probably be near the truth, and certainly within it. At all events, in calculating the average profit at that rate, upon the proportion of the imports which is valued at the prices current, and upon all the exports at the rates hereinafter mentioned, we cannot err to the extent of £.200,000, or £.300,000, a sum which is of the least consequence, when we consider that it is in this particular alone we meet with any great degree of uncertainty in valuing the trade of Ireland, as far as it is returned to the Inspector General.

The merchants' profit at 8 per cent. upon the three fourths of the value of the Imports came to £.459,246, which being deducted from £.7,654,114 left £. 7,194,868, being the value paid by Ireland for her Imports.

I come now to apply the same criterion to our Exports, and to state what the country has received for them.

Having ascertained their value upon the wharf (after deducting the bounties upon Exports) to be precisely £. 8,371,412, I must add to it,

First, the duty, as the Exports left Ireland charged with it; but the amount of duty upon Exports is hardly worth our notice, being only about £. 11,000:

2dly, The next additions would be Freights and Insurances; but we have little to add on either of these heads at present, for the reasons above stated:

3dly, The Profit of the merchants: A very considerable proportion of our Export trade is carried on by English and foreign merchants on their own accounts. Sometimes they send factors over to us to buy our linen, in which case it does not produce any more money to Ireland than its value upon the wharf, and the duty, if any. In many instances, the Irish merchant is employed by persons residing out of Ireland to ship our linen, provisions, and corn, for English and foreign markets, for which he receives only a commission of from 2½ to 5 per cent. Above three-fourths of our linen are exported on English account. Under this circumstance, and taking into consideration the money which we pay for storage in foreign markets, the rate of the merchants' profit upon the whole of the Exports ought to be estimated much lower than upon the Imports; if it is averaged at 5 per cent. upon the value of all the Exports sold on English, Foreign, and Irish account, taken together, it will amount to £. 418,570.

These two sums, which come to £. 439,570, being added to the value of the Exports

upon the wharf of Exportation, will make £. 9,010,982, which is the value this country received for its Exports.

Mr. Marston

Thus we have received for our Exports £.9,010,982, and paid for our Imports £.7,194,868, which leaves, consequently, an actual balance in our favour of £. 1,816,114.

Do you state this sum of £. 1,816,114 to be the whole of the real value of the balance?—I do, so far as results from the Imports and Exports returned to my office; but to this should be added the value of such articles of Irish produce exported as are never returned to me; namely,

15. The value of a considerable portion of the linen shipped for Chester, and, I believe, also for Bristol and Liverpool, which is omitted to be entered, for the purpose of evading the payment of small local duties exacted at those ports:

zilly, The value of the provisions, &c. shipped by the Navy Agents in Ireland, for the use of His Majesty's Navy:

gally, The profits arising to Ireland from property: tons of shipping of Irish

4thly, The value of the fresh provisions, &c. purchased for the use of outward-bound vessels, making upwards of 7,000 voyages yearly from Ireland.

The total value of these several articles, and of some others of less consequence omitted to be returned to me, must amount yearly to a very considerable sum; but I have not, at present, the means of ascertaining it. It should be observed, however, that the Import-side of our statements is also defective, viz, By the non-entry of smuggled goods; and 2dly, By the under-rating, sometimes, of certain articles which are charged with duty according to their declared value.

Mr. Husse, in his Essay on the Balance of Trade, takes notice of a remark of Dean Swift's, that the Absentees drained more money out of Ireland than the balance of trade brought into it. This must have arisen from a misconception of the amount of the balance, which, if it had been fairly stated, would probably have manifested itself sufficiently large in his time, as it has done since, for the purposes actually effected by it, namely, the supplying of the external expenditure; and the preventing the Exchange from rising in ordinary times above par.

Subbati, 28^a die Aprilis 1804.

THOMAS THORPE FRANK, Esq; again Examined.

IN what manner do you regulate the price you give and take for Guineas?—In the purchase of them, we are governed by the rate of Exchange of merchants' Bills on 'Change, and we sell them at from 1 to 1 per cent. above the price at which we purchase them.

Mr. Frank

Do you conceive, then, that the price of Guineas is determined by the rate of Exchange, and not the rate of Exchange by the price of Guineas?—At the time Guineas could be got in large quantities, the rate of Exchange was governed by the price of Guineas; but since Guineas have become very scarce, their price has been governed by the rate of Exchange.

Have you not been always apt to regulate the price which you gave for Guineas by the existing or antecedent rate of Exchange?—We have certainly always taken care to be under the rate of Exchange; and then, as I said before, when Guineas were plenty, the price given on any one day regulated the Exchange for the next, as persons knew what they could get Guineas for, and regulated their prices of Bills accordingly.

Have you formed any table of the price of Guineas compared with the rates of Exchange?—I have formed one, comparing the prices of Guineas and the rates of Exchange from the 1st January 1799, to this day, for each month; it is formed upon the prices I gave myself for Guineas and Bills.

[Same delivered in and read.]

Appendix (L)

Is the price of Guineas in that table regularly under the rate of Exchange?—It is, except for the last eight or nine months, and sometimes when the drawing of the Treasury created a sudden fall.

Mr. Frank,

To what do you attribute the change?—Entirely to the scarcity of Guineas, by their leaving the country.

Did not *Colliers* prefer Guineas to Bank of England Notes?—They have of late, at about $\frac{1}{2}$ per cent. higher than Bank of England Notes, which I impute to their bearing a premium in England.

What quantity of Gold have you transmitted to England during the last five or six years?—As nearly as I can make up the account, one million and a quarter of Guineas have been purchased by me since 1st Jan. 1799, of that quantity I cannot make out more than one quarter of a million to have been sold by me, for the purpose of going to the North of Ireland, or for any home purpose; the remaining one million $\frac{1}{4}$ have sold to persons to bring to this country, and a material part I have sent to London direct myself.

Did you make any difference in price on the sale to *Colliers* of Guineas and Bank Notes?—Bank of England Notes have been generally sold to *Colliers* and others at $1\frac{1}{4}$ per cent. higher than Guineas, because we could not procure Bank of England Notes, except either by remitting Guineas or merchants Bills.

In the amount of Guineas which have been sent to England since 1st Jan. 1799, has the proportion increased or decreased lately?—It has decreased very considerably for nine months which preceded the preliminaries of peace; and when, I imagine, as great inducement to board Guineas existed as has done for the last nine months, we were able to procure six times the quantity of Guineas when the premium was on an average of 3 per cent. more than we have been able to procure in the last-mentioned time, when the premium on an average has been 9 per cent.

What is the price of Guineas in the North of Ireland, particularly Belfast, compared with Dublin?—They are about $\frac{1}{2}$ per cent. higher than in Dublin.

How is the North supplied with Guineas?—They purchase Guineas in Dublin; I speak of five years from my own experience, and the price in Belfast has, during that period, borne the proportion to the price of Guineas in Dublin that I have stated.

Do the Guineas in Belfast come round again to Dublin so as to create a fresh supply to be purchased for the use of the North?—They do evidently circuitously find their way to Dublin, for we purchase more Gold that comes from the North West and Mayo than from any other part of Ireland; and those who bring them to me account for their having so constant a supply, by receiving it from the North in payments of produce.

Can you form any estimate of the amount of Gold in circulation at the time of the restriction, or at any time since?—According to the best of my judgment, the quantity of Gold in circulation at the time of the restriction was about £5,000,000 Guineas; I compute it thus; I am satisfied that since the 1st January 1799, 3,000,000 of Guineas have been sent out of Ireland; that is to say, 1st. By masters of coal-ships, in payment of 400,000 tons of coals annually, of the value in the whole of £500,000; averaging £1. 5s. per ton, of which sum of £500,000, I estimate 300,000 Guineas to have gone out, making the sum of £341,250 Irish, and which, from the period of the 1st January 1799 to this time, amounts to 1,575,000 Guineas; the remainder of the value of the coals, being £158,750 per annum, I consider may have been remitted or sent out of the country by other means annually; 2dly. By individuals remitting direct to London, to purchase duplicate debentures of the Irish Loans of 1800 and 1802, and Bills of Exchange on Dublin and Bank of England Notes, all which I estimate at 600,000 Guineas, 3dly. By travellers, for travelling and other expenses during a temporary residence in England, calculating ten individuals to leave Ireland per day, and each to take on an average 15 Guineas, the whole for the above period would be 287,400 Guineas; 4th. By trades to the manufacturing towns of England, as the most beneficial remittance; by private hands to Absentees of small incomes; by Captains of merchant vessels for freight; by 100 of Man and Scotch fishery boats, Welsh slate vessels, &c. I calculate 2,000 Guineas per week may have been sent out, making on the whole 546,000 Guineas during that period; all which recited items amount to 3,008,400 Guineas sent out during the period; and I conclude that 2,000,000 of Guineas, including what is locked up in the Bank of Ireland and other Banks, and what is in circulation in the North, and what may be hoarded in the kingdom, is a reasonable estimate of the quantity remaining now in Ireland; the grounds on which I form my opinion of 3,000,000 of Guineas having left Ireland, since 1st January 1799, are, that in payment of coals, and some part of the other items stated, 1,000,000 of Guineas must have been sent out of the country from the

Guineas.

*See 1.—1,575,000

2.— 600,000

3.— 287,400

4.— 546,000

3,008,400

out ports of Ireland, because I understand that nearly one half of the quantity of coals imported into Ireland comes into the out ports, and the payment of which will amount to about 800,000 Guineas, and of the remaining 2,200,000, 1,000,000 has passed through my own hands for the purpose of coming to England, as before stated; and I calculate that not more than half, and possibly not quite so much of the quantity of Guineas sent from Dublin have passed through my own hands.

Have any Guineas come into Ireland since the 1st January 1799?—I do not know of any channel through which they could have come to any amount, because it would always be more beneficial to individuals to have brought over Bills of Exchange on Dublin, or Bank of England Notes.

Can you state what quantity of Guineas were imported into Ireland from the year 1794 to the year 1799?—I cannot otherwise, than from recollecting what quantity I sent from London in 1797 and 1798, and what other persons at the same time sent, which I believe, might altogether, during that period, amount to £1,500,000 Guineas.

What means have you of ascertaining that the quantity of Gold taken out by the coal ships has been that which you have stated?—From my own knowledge that, during that period, they have been always paid in Guineas or Bank of England Notes, and that the former being on an average 1½ per cent. cheaper than Notes, they have taken the former, and in fact the latter could not be procured to supply them, when the means by which they could be obtained so considerably added to the price of the Bank Notes; and I am well satisfied, that not above 100,000 per annum of Bank of England Notes have been brought into Dublin to supply the coal-ships, and for all other purposes, during that period. I wish to point the attention of the Committee to the premium on Guineas, from the month of January 1801 to July in the same year, as it stands compared, in the table which I have delivered, with the rate of Exchange, and also by any table of Exchange which may have been delivered to the Committee, of the rate of Exchange of London on Dublin during the same period, by which it will appear how very advantageous it was to send the Guineas out of the country, having myself, during that period, sent out of the kingdom direct about 18,000 per month, and at the same time several other individuals, with very large means, were sending also out all that they possibly could procure.

When you state the Gold now in Ireland to be probably 2,000,000, do you form your estimate from any knowledge of the actual quantity now hoarded, and in circulation, and in the Banks, or do you infer 2,000,000 to be probably the present quantity, from the circumstance of your judging 5,000,000 to have been in Ireland before 1799, and of your believing 3,000,000 to have been exported?—In my own mind, I account for the 2,000,000 remaining, by estimating half a million to be in circulation in the North of Ireland, and the probable quantity in the Bank of Ireland, being not less than 700,000, and the residue in circulation in other parts of Ireland, and hoarded.

Do you then infer the Gold in Ireland, antecedent to 1799, to have been probably 5,000,000, in consequence merely of your estimating the present quantity to be 2,000,000, and the sum exported since 1799 to have been about 3,000,000; or have you any other means of knowing the quantity before 1799, to have been five millions?—I have no other means than the estimate of the 3,000,000 which have left the country, and the residue remaining, in the manner I have stated.

Do you consider the issue of Bank of Ireland Paper to be beyond the fair occasions of the country?—I consider the increased issue of the Paper of the Bank of Ireland, by no means to have kept pace with the diminution of the Specie of the country, and to have been absolutely necessary for the commerce of the country.

Can you form any opinion as to the quantity of Paper issued by the private Banks of Dublin, whether more in circulation now than previous to the Restriction?—In my opinion, it is considerably more now than at the time of the Restriction, as far as I can judge from my own observation; as to the quantity of Paper issued by the country Banks, I have no means of forming a judgment.

Have you any means of ascertaining that the total increased quantity of Bank Paper in Ireland has not been greater than the Coin in circulation which has been displaced?—I have no means of ascertaining the fact; my opinion is, the total issue of Paper altogether is considerably above the diminution of Specie.

Mr. Frank.

Do you conceive such increase of Paper has been more than commensurate with the extension of commerce and manufactures during that period?—I do conceive that increase of Paper, to be the means of increasing the Imports of the country, and that very injuriously, and hence the rise of Exchange in a great measure; I think the increased trade of the country, including inland navigation, and additional duties, required an increased quantity of circulating medium, but not to the extent it has been carried by private Bankers, and especially by country Bankers; I say country Bankers, because I know their numbers have considerably increased, and that in places where no additional issue of Paper could be necessary.

Has there not been an extension of the customary credit, by discounting Bills at a longer date than heretofore?—I conceive there has been an extension by the Bankers of Dublin discounting very long Bills, and thereby facilitating the imports of goods; for instance, in a case which came lately within my own knowledge, an individual, by this extension of credit, was enabled to increase his imports annually from £. 10,000 to £. 80,000, and which I am convinced he never could have done without this system of an extension of credit, by discounting long Bills.

Does not an increased issue of the general Paper furnish the means of a more extended credit?—I conceive it does as a matter of course.

Has the general facility of raising money been increased?—I think it has through the means I have described of discounting long Bills.

Martin, 1st die Maii 1804.

THOMAS THORPE FRANK, Esq; again Examined;

WHAT is the common circulating medium between the two countries, in case of no restriction on the Banks?—The Gold Coin.

During that Restriction has any thing occurred to you which could answer as a common circulating medium for the purposes of Exchange?—It has occurred to me, that a new medium of remittance between Ireland and England might be created, by making the present funded debt of Ireland transferable to and from one country to the other, by the simple operation of the stockholder in Ireland writing off the Transfer books of the Bank of Ireland any stock he may there possess, and placing it under the certificate of the proper officer on the books of the Bank of England, to be opened for that purpose, and vice versa; and I should propose that the interest of all such stock as shall stand on the books of the Bank of England at the period of shutting, for each half year's dividend respectively, should be guaranteed by Great Britain, in the same manner as the Imperial Stock is guaranteed; the Irish 5 per cents. to be paid in British money, £. 4. 10 s. interest; the Irish 3½ per cents. to be paid in British money £. 3. 5 s. and that all future Loans raised for the service of Ireland, either in England or Ireland, shall be in like manner a transferable stock from one country to the other; and I think that the adoption of this plan would contribute in a material degree to the lowering, and more particularly to the steadying, of the Exchange, and would prevent artificial rises by speculation in Exchange; it would have the first effect, because the merchant passing his Bill on 'Change must always be governed by, and must not exceed, the prices of the Public Funds in each country, as the remitter, if more to his interest, could resort to another market, and the speculator in Exchange would find that he had double risk to incur, and of a magnitude too great for his means to embrace.

In the event of Peace, and that new loans should become unnecessary, the facility of thus bringing over to Ireland, and there liquidating by the Sinking Fund, and other means, the debt she had incurred in England, when by an increased industry, and increased exportations and diminished importations, the state of her Exchange might admit of it, which would not only be an important consideration for Ireland, but also for England, by relieving her market from so much of the public debt.

How much of the Irish debt is funded in Ireland?—I believe there are about £. 10,000,000 of 5 per cents. including the Loan now in negotiation, and about £. 3,000,000 of 3½ per cents; but, for better accuracy, I beg to refer to the accounts before the House of Commons.

Would

Mr. Frank.

Would not the remedy you propose be limited to the amount of the debt funded in Ireland?—It would of course be limited to that amount.

What is the price of 5 per cents. in Ireland now?—90.

What is the price of Irish 5 per cents. in England?—Now about 82, but the depreciation of the Irish 5 per cent. stock, transferable at the Bank of England, has always been imputed to the circumstances of the interest not being guaranteed by the British Parliament, and not being transferable to Ireland; and so forcibly do these circumstances operate, that the Irish 5 per cents. which, by means of duplicate debentures, are transferable from one country to the other, and the interest thereon, payable at the house of Messrs. French and Boroows, in London, though they only pay £. 4. 10s. British, for each £. 5 Irish, are at this moment within 3 per cent. of the Irish 5 per cents. transferable at the Bank of England, for which £. 5 British is received.

While the balance of remittance is against Ireland, would not the whole of the Irish funded debt be transferred to England?—I do not think it would, because this plan would have the effect of steadying the Exchange, which is of great importance to the Irish merchant, for when, as has frequently been the case of late, the Exchange has been at 18 per cent. and in the same year at nearly 12 per cent. the funded debt would be brought back again at the low Exchange.

What would be the object of any Person bringing back that sent to Ireland, when the Exchange was so high as 12 per cent.?—If the price of the funds remained the same in Ireland, as the price at which they were when he remitted, and drew for the amount at 18 per cent. it would very amply repay him bringing them back at 12 per cent.

Must not the transfer of that portion of funded property, and taking it out of the Irish markets for stocks, in the same proportion as it operated on the rate of Exchange operate also on the price of Stocks?—If by taking out of the Irish market so much stock the price should be advanced it would make it still more beneficial to bring it back at a low Exchange.

Would not this plan promote speculation, as there would be two objects or chances of gain, one on the variation of the price of Stocks, the other on the variation of the Exchange?—I have already stated the great importance of this plan to be, that of steadying the Exchange, the uncertainty of which is considered as great an evil as the high rate; and I do consider, that if an additional market is created, by means of which remittances can be made from one country to the other, it must inevitably have the effect of steadying the Exchange, whatever speculation it might occasion, it would have for its object the reducing the rate of Exchange, if it run up to a very high price, and waiting till it should fall to a low price to replace the Stock sold.

You have mentioned speculators in Exchange; what do you mean by the phrase?—There are two descriptions of dealers in Exchange; those who pass Bills at a small addition, generally from 1 to 1½ per cent. above the merchants rate of Exchange, which business is usually done by the Bankers of Dublin, and those who make large purchases at the Treasury when they are drawing, or on 'Change, with a view to sell again at a considerably advanced price on 'Change; and these last I consider are the speculators.

In talking of the Exchange between the two countries, do you mean generally Dublin on London, or London on Dublin?—I mean generally Dublin on London, because I conceive the price of Exchange there, viz. Dublin on London, to govern the price of Exchange of London on Dublin, and which is therefore generally understood to be the criterion of the Exchange.

JEREMIAH D'OLIER, Esq. again Examined.

ARE you apprized of a plan having been mentioned to this Committee for a consolidation of the Banks of Great Britain and Ireland, as a means of procuring a common circulating medium of the two Countries?—I am.

Mr. D'Olier.

Have you any opinion of its use or its practicability?—I have certainly an opinion that it will not answer any useful end as to providing a common circulating medium; there is at this moment no possible difficulty in circulating Notes of the Bank of England in Ireland, if there be any person who will send them there. I know no practicability of the consolidation of the two Banks, and

Mr. D'Olier. I do not believe that it would meet with the approbation of the proprietors or directors of the Bank of Ireland.

Have any forgeries been committed upon the Bank of Ireland, and in what species of Notes principally?—There have been a great number of forgeries committed, and chiefly upon those of the smaller description, such as those of 20s. one Guinea, and a Guinea and a half; there have been forgeries of other descriptions, but chiefly confined to those.

What is the practice of the Bank of Ireland when forged Notes are offered to it?—If they have reason to suspect the person connected with the forgery, they take the usual steps necessary to carry on the prosecution against the person offering them; if they conceive the person has been imposed upon, they stamp "Forgery" upon the Note, to enable the person to recover the amount from the person from whom it had been taken, and the Bank returns the Note without paying the value.

Can you form any opinion of the yearly amount in value of such Notes as have been so stamped for being forged, and no payment made thereon?—I cannot form any estimate, but they must be very considerable in number.

Has the evil increased or decreased?—I believe it to be at present decreasing; but I must mention, that the great increase has arisen from the number of persons who have escaped in the course of their prosecutions, or having been convicted, have been pardoned.

Can you state, from your memory, whether the prosecutions and convictions have been many?—The prosecutions have been very many, and the convictions many.

Have many of the sentences been put into execution?—There have been but few.

Are there any defects noticed in the laws for the prevention of forgeries?—There are; and a Bill had been prepared some time since, under the direction of the Bank Solicitors, and submitted to the Attorney General of Ireland, for the purpose of remedying any deficiency in the law. I believe that Bill extended much further in its provisions, according to its first form, than the law as it now stands in England; but it was afterwards reduced, so as to stand nearly with the same remedies as in England. I believe it was prepared last Session.

Why was it not proposed to Parliament?—I do not know.

Does the Bank delay the expenses of all prosecutions for forgeries?—They do, and it amounts to a very great annual sum; and they have agents and counsel for every Circuit, that there may be no want of diligence or advice in carrying on those prosecutions.

Are you acquainted with the unfavourable Exchange with Scotland in the year 1763, and the remedy applied upon that occasion?—I am not acquainted with the one or the other.

The Evidence of Mr. MANSFIELD being read:—

Do you perceive any analogy between the case of Scotland in 1762 and that of Ireland at the present time?—It appears to me, by Mr. Mansfield's evidence, that there had existed a combination, which had produced the effect complained of, and that the very moderate remedies, such as calling in £.10,000 of the original subscription of the proprietors, had in the course of 1½ year remedied the evil complained of; but it must appear to be extremely difficult for me to form a correct opinion upon the transactions and trade of Scotland, at a period of 40 years back, when a great variety of circumstances, now forgotten, that promoted the trade and prosperity of that country, may and most probably did operate and produce the effect presumed to have been made by the management of the Directors of the Banks of Scotland.

Do you not conceive that the remedy adopted of making the Scotch Bank Notes payable in Bills of Exchange at a fixed rate, drawn on London, had the effect of limiting the amount of currency in Scotland?—As far as the mere operation of buying Bills payable in London, and disposing of the same again in any form whatever at similar dates, I do not think it had; but if there has been any emission of Paper exceeding the natural wants of that country, such Paper will naturally return upon the Bank of the persons who issue it; and it is very probable, from the opinions that have been given by Mr. Mansfield, that there was both such a cause and such an effect.

Supposing an excess of Paper currency to take place, and that Paper currency not to be convertible into a medium common to any other country, by what symptoms do you suppose such an excess would discover itself?—One of its first operations would be to make artificial bargains for every article convertible into a common medium, such as has been described without regard to price, or to any other disadvantage to which the purchaser would refuse to submit, under any other circumstances than that of being loaded with that for which he could not obtain a valuable consideration.

Explain what you mean by "without regard to price."—I mean, without regard to price, that I am willing to submit to any advance of price upon the article, in order to get rid of that Paper which I feel as a burthen upon me.

Would not therefore the effect throughout such a country be a general rise in the nominal price of its produce?—Certainly.

What will be the effect of such a rise on the Exchange?—It may be extremely difficult to ascertain the effect it would have on the Exchange; it will have some; but I do not wish to give an opinion upon it at this moment.

Upon the whole, will it have an effect of raising or lowering the Exchange?—I have already stated, that I decline giving an opinion upon that subject, as it will require a very extended view of the effects of the depreciation of Paper.

Suppose in one of two countries, namely, Ireland, the price of articles in Exchange for its Paper circulating medium should be raised in consequence of an increased quantity of Paper; and suppose in another country, namely, England, the price of articles in Exchange for its Paper circulating Medium should not be raised, there being no increase in the quantity of its Paper, would not the same quantity of Irish Paper necessarily be exchanged for a diminished quantity of English Paper?—The greater the price of the article, the less the same nominal sum would purchase.

If the English goods continue to exchange for the same quantity of the Irish goods, must not the English Paper exchange for a greater quantity of Irish Paper?—That is a question of bair, which I cannot answer.

Have the Banks of Ireland any Funds in England?—None.

Suppose the Bank of Ireland were to resort to the practice adopted in 1763, by the chartered Banks of Scotland, namely, that of giving Bills upon London at a fixed date, for as many of their own Notes as the holders of them should wish to exchange for such Bills, what do you conceive would be the consequence?—The ruin and shutting up of the Bank of Ireland, because, if they are to buy Bills at 8 or 10 per cent. loss, they could not stand it.

What do you conceive would be the amount of Bills which they would have to purchase?—It is impossible for me to state, but it would amount to the whole of the deficiency of the payments that Ireland would have to make for its debts payable in England of every description.

Suppose the Bank of Ireland to obtain either a credit or funds in London, by the means of an increased capital, or through any other expedient, and suppose the Bank to give Bills on London, to be paid out of that fund, in exchange for as many of its Notes as the holders of them should desire to have so exchanged, what do you conceive would be the amount of the sum necessary to be drawn, supposing the Notes brought in in exchange for Bills to be cancelled, and no additional Notes in the place of them to be issued.

Mercurii, 2^a die Maii 1804.

JEREMIAH D'OLIER, Esquire, again Examined.

Last Question of yesterday read :

It appears to me, that whatever is the balance of payments due by Ireland to England, of which I am not competent to judge, must be the amount of the Notes to be withdrawn from the circulation of the Bank of Ireland, if they were sufficient to answer that end.

Do you not conceive, that if, for example, one third or one fourth of the Notes of the Bank of Ireland now in circulation (which would be about from £ 700,000 to £ 1,000,000) were exchanged for Bills on London, and not re-issued, such

Mr. D'Olier,

such a reduction as this of Bank of Ireland Paper, would have the effect of reducing, in some degree, the price of commodities in Ireland, in exchange for the circulating Paper of that country?—In respect to the effect it would have in the market it would operate to the taking away of a very considerable portion of that medium and representation of actual Money locked up for the payment of its Notes, and compelling those who now use Bank of Ireland Paper to resort to private Banks for a medium to supply the place of that which would be so withdrawn, and applied to the purpose of Bills of Exchange for the payment of debts now due by the Bank of Ireland, or in any manner chargeable to them.

Would not a reduction of Bank of Ireland Paper have a tendency to diminish the sum total of the Paper of Ireland?—I believe not.

Do you mean then that the sum of Bank of Ireland Paper which should be withdrawn would be exactly replaced by the Paper of the private Banks?—I believe it must.

Do you conceive that every augmentation of Bank of Ireland Paper causes a proportionate diminution of the Paper of private Banks?—In some degree it certainly does; but the introduction of the representation of Silver by Paper, has, in my opinion, greatly increased that kind of representation beyond the wants and the convenience, as well as the safety of its payments, and of course by so much as the amount of that Paper there is a new circulation, and of course a very considerable increase of Paper Money.

Do you conceive, that every augmentation of Bank of Ireland Paper produces an exactly proportionate diminution of private Bank Paper, and that every diminution of Bank of Ireland Paper produces an exactly proportionate augmentation of private Bank Paper, supposing all other circumstances in the country to remain the same?—The general effect will be, that by so much as Bank of Ireland Paper is withdrawn, its place will be supplied by private Bankers Paper, and so vice versa.

When the Bank of Ireland, antecedently to the restriction, reduced its loans and consequently its Paper, as it was the custom to do on the occasion of a very unfavourable Exchange, do you conceive that such limitation of Paper produced an exactly proportionate augmentation of the Paper of private Banks?—Certainly not; but it left distressed incalculable upon the merchants and traders, who wanted aid, which they could not obtain either from the public Bank or the private Banks.

Did not the same circumstances of a drain for Guineas, which led to the limitation of the loan of the Bank of Ireland, operate in the same manner in restraining the loans, and consequently also the issues of Paper of private Banks?—Certainly it did.

Supposing the Bank of Ireland now to diminish its Paper, would not the increased difficulty of obtaining that Paper operate, in some measure, in the same manner as a difficulty in obtaining Guineas operated in restraining the disposition to lend in the private Banks?—I think not in any degree whatever.

Suppose the private Banks in Dublin which issue Paper were to give Bills on London at a fixed Exchange for such portion of their Paper as the holders of it requested to have so exchanged, following in this respect the same practice with the Bank of Ireland, and refraining from the re-issue of the Paper which would be so exchanged, do you not conceive that the general Paper of Ireland would then necessarily be reduced nearly in the same proportion?—It appears to me that the Dublin Bankers would speedily get rid of their trade and the transaction altogether.

Suppose the Bank of Ireland and the Dublin Banks to give Bills, in the first instance, at a rate of Exchange only a very little below the current rate, and by degrees to give Bills at a rate approaching more nearly to par, reducing very cautiously and gradually their loans, and consequently their Paper, somewhat in the same manner as that which was adopted in 1763, by the chartered Banks in Scotland, and by the private Banks of the same Place, might not the business of a private Banker in Dublin be still maintained on its accustomed principles, and might not the difficulty of providing a fund in London, for the payment of such wanted and gradual drafts, be only equal or nearly equal to the difficulty which the same Banks experienced antecedently to the restriction, in providing a fund in London for the payment of the Gold, which, in the event of a very unfavourable Exchange, they found it necessary to draw from thence?—No man of prudence will undertake, without an apparent very great advance of price.

price, to sell that which he has not, and which, the very circumstance being known may lead to an immense advance in the price of the article so sold, the Irish Banks provided Gold from England when the Exchange was favourable, and certainly did reduce their accommodation when it became the interest of individuals, from an unfavourable Exchange, to send the Specie to England.

Would not such a plan as suggested in the last question very nearly resemble that plan which appears to have been adopted by the Scotch Banks in 1763, when the Scotch Exchange was about 5 per cent. against that country; and did not the Scotch Banks incur, in some degree, that loss in the execution of their plan, to no part of which your answer implies that any Bank would submit?—I refer to my answer given yesterday on that subject.

Suppose the restriction of the payments of the Bank of England to cease, and the Exchanges between England and Europe to be favourable to England, and suppose the Irish Exchange with England to remain in its present, or nearly in its present state, and the restriction on the payments of the Bank of Ireland to be taken off, do you not conceive that the difficulties which would come upon the Bank of Ireland, as well as on the private Banks of that country, would be somewhat the same in kind, though much greater in degree, than those to which the Irish Banks would be exposed by the plan which has been suggested?—The effect of taking off the restriction of the payment of Specie by the Bank of Ireland, would be that they would call in and discharge all their Notes, reduce their discounts, and leave a vacuum of medium unprovided by any thing else.

Do you then conceive, that the restriction on the payments of the Bank of Ireland ought never to be taken off so long as the Exchange remains in any considerable degree unfavourable?—Whenever the restriction is taken off the Bank of England, I trust, at the same moment, or in a very short time, that the restriction will be taken off in Ireland; there is nothing which would be more repugnant to my feelings than a supposition that the restriction was to be continued, and thereby to give such a public evidence of the distress and misery to which that country would be reduced, when it was no longer able to bear its relations or intercourse with England; and although the accommodations which it would then be able to afford to the mercantile or manufacturing interests would be reduced to the amount of its mere trading capital, I think it is better to look forward to more favourable prospects, than cloud and darken our expectations and hopes by conveying to the public that the payment of Gold is never to take place in that country again.

When the period of peace shall arrive, inasmuch as the losses on account of Ireland now contracted in England may cease, which losses you consider to be a material means of improving the Exchange, is it not probable that the Exchange may not improve, and will it not, in that case, be necessary, according to your views of this subject, to continue the restriction on the Bank of Ireland long after the restriction on the Bank of England shall cease?—It appears to me very probable, that the Exchange will not for many years be favourable to Ireland, but what may be the remedy best suited to its then situation I am not able at this moment to propose; but I have already said, that longer than it is absolutely necessary I am totally averse to the continuation of the restriction bill.

Do you consider a high Exchange, so long as it lasts, to be a ground for continuing the restriction, whatever may be in other respects the circumstances of the country?—I believe I have answered that, as well as I am able, in my answer to the last question.

If the restriction were removed from the Bank of England immediately, do you mean to state there would then exist no impediments to its immediate removal in Ireland?—Whatever inconveniences might arise to the interest of the Bank, I see no reason why the Bank should make any objection to the removal of the restriction in Ireland, it becomes only a question of public convenience, upon which Parliament and the public are to judge.

Is not Bank of Ireland Paper invariably given by the country Banks in exchange for their own Notes on demand?—I am not acquainted with that fact.

If you are not acquainted with the practice of country Banks, upon what ground is it that you have stated, in the former part of this day's evidence, that the quantity of country Paper is not increased by the increase of Bank of Ireland Paper?—It being necessary that there shall be a medium or mediums provided for the public accommodation, in the place of that which is already acknowledged to be withdrawn, say Gold it must of course present itself to me, that that must be provided

Mr. D'Olier. vided by the Bank of Ireland and by other Bankers, and upon that ground, as a general principle, I have given the evidence alluded to.

Has not the Bank of Ireland lately engaged in the purchase of base Silver at Dublin?—It has.

At what rate?—At present about 13 d. per ounce beyond the Mint price, and I believe about 10d. above the market price.

How paid for?—In Bank of Ireland Notes and in Dollars, as far as they have been able to provide.

Do you not conceive that this practice, however it may alleviate the present embarrassment, must tend to increase the quantity of Bank of Ireland Paper issued?—No; and for this particular reason: the Bank of Ireland is at this moment providing a very large supply of Silver for the accommodation of Ireland, upon which they undertake to subject themselves to the loss that will attend the redemption of that Silver when a Mint Coinage shall take place; and the payment they will receive from the Public for it will be in their own Paper, and of course by so much diminish the quantity of their Paper in circulation.

But till that Silver enters circulation, must not the Bank Notes of Ireland be increased, and must not their future decrease depend upon the success of the present exertions to procure Silver?—Certainly, in the first instance; but that Silver being fold, immediately Paper is withdrawn to that amount.

Do you conceive that any indiscretion of the Bank of Ireland, in the ordinary way of their business, could produce such an excessive Issue of their Paper as to generate depreciation?—I do not.

Mr. FRANK's Evidence of Yesterday read:

Do you think that the plan, mentioned by Mr. Franks, would have the effect of lowering and fancying the Exchange?—It appears to me, that it would produce a complete confusion in the Exchange trade, and that it would surrender the settlement of the price of bills of Exchange to the Stock Jobber instead of leaving it where it ought to be, in that of the hands of the Banker and the merchant; and the confusion which it would bring into the Stock-market, both in England and Ireland, by mixing the transactions of the Exchange and the Stock Jobber together, would render the knowledge of both a necessary part of the education and habits of the Banker, the merchant, and the Stock dealer, and make it impossible for the dealers in Stock in London, without a constant attention between the price of Exchange between England and Ireland, to know upon what terms the prices of the Stocks were likely to be inted from day to day prospectively, as it might possibly happen that £. 1,000,000, £. 2,000,000, or £. 3,000,000, a sum amounting equal to a Loan, might be brought into the market unexpectedly by the Stock speculators.

If the unfavourable rate of Exchange against Ireland is to be ascribed wholly to the balance of remittances against that country, how do you account for the circumstance of the Exchange not being lower than 16 $\frac{1}{2}$ in the month of March, during which month nearly £. 600,000 were remitted by the British Treasury to Ireland?—It must evidently appear, that that sum was infinitely inadequate to the payments which ought to have been made at that period by Ireland to England.

Does it not follow, that if the Loans raised in England for the service of Ireland, and transmitted to that country, were increased to more than £. 7,000,000 annually, the effect upon the Exchange could only be to lower it to 16 $\frac{1}{2}$?—Whenever the payments to be made, or connected with the Loans raised in this country for Ireland, shall exceed the amount of the payments due and to be made to England by Ireland, the effect will be to reduce the Exchange to par, and under.

Do you mean that this would equally be the case, whatever was the amount of the Paper circulation of Ireland?—I do.

Veneris, 4th die Maii 1804.

WILLIAM COLVILLE, Esq; again Examined.

Mr. Colville.

TO what do you attribute the unfavourable Exchange which has existed between Dublin and London?—I decidedly and clearly consider the sole efficient cause to be, that Ireland owes a great deal more Money to Great Britain than she is able to pay, and I am confirmed in that sentiment by finding that the same

opinion prevails in the mind of the Governor of the Bank of England (Mr. Winthrop) as well as of Mr. Puget, the Irish Agent, who has had great experience in the management of the remittances to and from Ireland.

What do you take to be the true criterion of such balance of debt?—The true criterion I take to be the state of Exchange between Dublin and London, and London and Dublin.

Explain your reasons:—When Exchange is considerably above par, it is said to be against Ireland, and in that case, certainly at that time Ireland owes more Money than she is able to pay; on the other hand, when Exchange is considerably below par, in that case the Exchange is in favour of Ireland, and then Money is due to her. I wish, with the permission of the Committee, very fully to examine this principle, and although a general principle which applies to all the countries upon earth which exchange with one another, yet it can be argued with more precision between Ireland and England than it can between England and the various countries the exchanges with. It is particularly necessary that this principle should be established, because I find, that the various people who have reasoned on this subject admit, and deny it, according to the various theories that they have in their own mind to establish; it is argued against this principle, that a combination exists on the Exchanges of Dublin and London to raise the Exchange according to the interests of the dealers in Exchanges, but I apprehend that the disciples of Mr. Hume and Dr. Adam Smith, who admit their theory of competition, will not be among the number of those persons who hold that opinion; in fact there is no such thing: But I apprehend the cause of this error, which has only arisen within these four or five years past, may be more truly attributed to the mismanagement of the Irish Treasury, in drawing for the Loans from England. With permission of the Committee I will give my opinion upon the nature and effects of Exchange. I consider Exchange between different commercial countries as one of those common and general principles to be found throughout all human affairs, for the purposes of bringing about balances where extremes exist. It would have the air of assertion to point out the analogy existing as to this principle, compared with the same principle in the moral and natural world; I shall therefore proceed to show the operation of this principle upon the affairs of Ireland at this moment. In that view I consider a high Exchange against Ireland as a disease; and a remedy, and a very sound one I apprehend it is, when it is allowed to have its full operation; for example, as to imports into Ireland, I consider it as a disease (fixing an Exchange of 10 per cent. against Ireland), which is 10 per cent. duty upon the importation of English broad cloth, by which the consumer in Ireland pays 12 s. per yard for his cloth, that would otherwise cost him but 10 s. But see how this high Exchange acts as a remedy; it is an inducement to the English manufacturer to settle in Ireland, bring over his skill and his capital, and manufacture broad cloth in Ireland for the use of the Irish consumer. On the other hand, as to exports it is a disease to make the Irish consumer pay a higher price for linen than it would otherwise cost him, but it is a remedy to Ireland, and a compensation, that this high Exchange enables the Irish linen to meet its competitors upon more advantageous terms in foreign markets; but this high Exchange against Ireland operates much more pointedly in favour of Ireland. Respecting Irish absentee residents in Great Britain, it has been a sore, and a chronic disease in Ireland. The absence of the great Land Proprietors and Nobility belonging to Ireland, living out of the country. The remedy of a high Exchange is exceedingly obvious, operating upon them; for supposing Exchange 10 per cent. against Ireland, it is to all intents and purposes a tax of 10 per cent. bearing upon them. I know what has been now said will be disputed; but should that be the case, let those who do not agree in this reasoning, ask the opinion of the Yorkshire clothier, the Irish linen manufacturer, and the Irish Absentee in Great Britain; and if their feelings do not go with this opinion I shall most readily give it up. The inference I make from the whole of this is, that the present state of Ireland, and in all cases similar thereto, a very high Exchange is the only thing which can bring about balances to serve that country.

As high Exchange is stated by you to be a benefit to Ireland, under its present circumstances, do you conceive that the higher the Exchange is against Ireland, in those particular instances—here high Exchange is beneficial, the more profitable it will be to Ireland; or what limits would you prescribe for the interests of Ireland to that high Exchange?—I do certainly think, that in the present state of Ireland, that a high Exchange, as it is called, against her, is the only thing that can operate effectually

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effectually in her favour; but it is totally out of my power to state to what extent that high Exchange might go, the circumstance of the relations in which Ireland stands to Great Britain in her financial affairs at this moment being different from whatever has happened between any two countries, to be found either in ancient or modern history.

Upon the whole view of this subject, have you no apprehensions that Exchange can become so much against Ireland as to be injurious in spite of those benefits which you are inclined to consider as resulting from such high Exchange?—I have not the least fear on the subject.

Is it your opinion, that any measure which would tend to lower Exchange, and keep it down, would be injurious?—I think there is no measure which would be injurious to Ireland in keeping the Exchange down, but one, namely, borrowing Money out of the country, and mortgaging Ireland for it.

You have stated, that the unfavourable Exchange to Ireland arises solely from the balance of debt being against it; do you apprehend that the high rate of Exchange, and the increase of that rate, arises from the depreciation of Paper, or any other cause?—I do not conceive it arises from the depreciation of Paper at all. I think that question of depreciation has not been generally understood. I consider the depreciation of Bank Paper in Dublin to be entirely a relative term; the man in Dublin who buys and sells by that common medium, to him it is not depreciated at all; but to the Agent of the Irish Absentee, who wishes to purchase a Bill upon London at a time when Exchange is 10 per cent. against Ireland, in that relation, and under that circumstance, he feels a depreciation of 10 per cent., but if there remains any possible doubt upon this view of the subject, I beg the Committee will turn to a fact in the evidence of Mr. Beresford, a Dublin Banker, who stated, that he purchased English Bank Paper in either the year 1798 or 1799, at 3½ per cent. under par, upon the Exchange of Dublin; see then the effect of that fact on this question of depreciation; for at that time the English Bank Paper was at 3½ per cent. discount in comparison with the national Bank Paper of Ireland. Thus it appears evident, that depreciation is a relative term, depending on circumstances; and whenever the present Loans, made for the use of Ireland, are brought properly to bear upon Exchange; when Exchange shall be brought to par before many months, as may be the case, the depreciation of Bank Paper in Dublin will cease as long as it continues so.

Are the rates of Exchange influenced by the value of the medium in which the balance of debt between the two countries is paid; for instance, if the balance is paid in a degraded or adulterated Coin?—Suppose that I had £. 1,000 worth of the base Silver Coin that has lately circulated in Dublin, that in reality is worth but 50 per cent. of the nominal value that it bore; I say, if I was to go upon Exchange to take a Bill upon London for £. 500, and that the depreciation of that Silver was to be estimated in the Exchange, I must give for the Bill in that case, 50 per cent. which would be added to the real Exchange for Bills on that day; but you will please to observe, that this Coin is positively depreciated, and that I have stated that Bank Paper is but relatively depreciated.

Have you read Mr. Mansfield's Evidence?—I have.

Is there an Exchange between Edinburgh and London?—There is.

Is it a fixed or fluctuating Exchange?—A fluctuating Exchange, according to circumstances.

Has it fluctuated for the last thirty years?—I understand by Mr. Mansfield's evidence, that it has not; and I take the case to be, that the balance of remittances between Scotland and England have, from existing circumstances during that period, been about par; and I beg leave to state the difference between Scotland and Ireland in their relations to England. Scotland owes no debt to England; but Ireland has borrowed from Great Britain, within these last nine years, a sum of about £. 26,000,000; I therefore infer, that where there is no analogy whatever, all arguments drawn from a supposed similarity must totally fall to the ground.

Give your opinion as to the use and practicability of the plan mentioned in Mr. Bonow's evidence, relative to the union of the Banks of Ireland and England?—There are many objections to joining the two Banks; and, in the view we are taking of the subject, one of these is decisive; viz. that such consolidation would in no shape answer the purpose for which it is intended, to create a circulating medium common to both countries; for I must observe, that there is a common medium existing between the two countries, Gold and Silver; but

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but the misfortune of Ireland is, that being the debtor country, she cannot keep the circulating medium at home; and by parity of reasoning, if the Banks were consolidated she could not in that case also keep the circulating medium of its Notes in Ireland; the effect of which would be, supposing Ireland to require, as is generally supposed, a Loan of £. 4,500,000 out of the country for the public service in this year 1804, that under such a consolidation of the Banks, if the bank of Dublin were to issue for the service of Ireland £. 4,500,000 of their Notes, which would find their way to the Bank in London, then Ireland would be indebted to the Bank £. 4,500,000, which must end in a Loan for that sum being made in England to pay that debt off; and in my opinion, it is a simpler method to do as is intended, to make the Loan in the first instance. As to the practicability, my opinion is, that it would not be the interest of either Banks, or the Public, to make such a junction. I am also of opinion, that they could not by any means be properly managed, if joined; and I am also of opinion, that the great public purposes of these two institutions would be very considerably lessened by such a measure; it is therefore (though possibly practicable to be carried into execution, were the proprietors of the two Banks to agree to it, and the Legislature to sanction such an agreement) yet, as I have stated before, that it could answer no good end, and do a great deal of evil; in my opinion politically impossible.

If the suspension of the cash payments of the Bank of England, and the restriction on the Bank of Ireland, which has been the consequence of that measure, had neither of them taken place, do you conceive that the Exchange between England and Ireland would have risen to its present height?—That is a question extremely difficult to answer, because these restrictions are a new thing in the political economy of those two countries, I have therefore no experience whatever to apply to, to assist me in giving an opinion; but were I to hazard a conjecture, I should be perhaps inclined to agree in the principle which I conceive to be the object of this question, namely, the keeping of Exchange near par; but the answer is not a question of Exchange; but in my opinion, in this view of the subject, the question embraces subjects of a very extensive nature; and I have not the smallest doubt in my mind, that it is better for Ireland that the restriction should have taken place, than that, under all existing circumstances since 1797, there had been no such restriction at all.

If as you have stated in your answer to the first question, the sole efficient cause of the present unfavourable Exchange, is an excess of Irish debt, must not that excess have equally operated, supposing no restriction to have taken place, except so far as more Gold might in that case have been transmitted from Ireland to England?—I have stated before, that a high Exchange against Ireland is a disease, and if no restriction Bill had taken place, my opinion is, there would have been a much greater disease; but operating under another name, viz. the prices of lands, of produce, and every thing else, would have been infinitely lower in Ireland for these last seven years than they have been; Money would have been excessively scarce in Ireland; industry of all kinds would have been cramped and fettered; the Irish Absentee in Great Britain, instead of losing 10 per cent. of his rents, would in many instances have got none at all; thus Ireland owing more Money than she was able to pay, must compound with her foreign creditor; but all this, as I have said before, I offer as a conjecture, considering the whole subject in this point of view to be a very difficult one indeed; but I beg leave to add, that I remember a circumstance so long back in Ireland as the year 1754, which, I think, will confirm very much the opinion I have last given. I remember perfectly well, that in 1753 the circulation of Paper in Dublin from the private Bankers was so general and extensive, that in receiving £. 1,000 there was not £. 10 of it in Gold at that time. I remember that Exchange was near 3 per cent. above par; the consequence of which was, that the Bankers of Dublin, of whom there were as many as at present, if not more, were in competition with one another to send their Specie over to London, and to get back Bills at 4 per cent. above par, bringing a clear profit to that extent. The consequence of this showed itself in the succeeding year; all the Banks failed, except Messrs. Latouche's house and Sir William Newcomen's, under the name at that time, of Gleadowe and Co. and these two Banks paid off their entire Paper; there followed a total annihilation of Bank Paper in Ireland at that time; and I remember it was said with triumph, that Ulster, the great seat of our linen manufactory, was safe, because she had no such thing as Bank Paper in that

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province. But see how this bears on the question asked me; the consequences were, that Exchange fell 2 or 3 per cent. under par, and the whole circulation of Ireland was turned from Paper into Gold; but the result was, that multitudes of people were ruined. The convulsion was exceedingly severe, many tenants threw up their lands, and there was no person connected with the three southern provinces of Ireland that did not suffer either immediately or remotely.

Do you not infer from this important fact which has been stated, that a free issue of circulating Paper tends to augment prices, to raise the Exchange, and at the same time to produce a temporary prosperity; and on the other hand, that a diminution of Paper tends to reduce prices, to lower Exchange, and to produce, especially if the reduction of circulating medium is sudden and severe, great temporary distress?—My opinion of that is this; I answer in the affirmative to two of the points alluded to, namely, the lowering of prices, and the creating a temporary distress; but I deny, and have given my reasons for it, that the circulation of Paper, and any depreciation which may attend it, is an effect of other causes, and not a cause itself operating upon the price of Exchange; and in order to explain it more, I consider goods, labour, and every thing in point of price, to be totally different from the medium operating on the price of Exchange.

Was not the Exchange, in point of fact, particularly high in Dublin when the issue of circulating Paper by the Dublin Bankers was most free; and was not the Exchange particularly low at the period when you state the circulating Paper of the Dublin Bankers to have been totally withdrawn?—I have stated that to be the fact; but I think I have very clearly and very fully answered this question already, when I gave my opinion upon what the depreciation of Bank Paper was in Ireland; but I will present it in another point of view, by supposing that the Bank Paper of Ireland, which, for argument sake, has been stated at £6,000,000, was raised to £7,000,000; I will then suppose that the £4,500,000, which is to be borrowed for Ireland, was made £6,500,000; I will then suppose that this Money borrowed for the use of Ireland will much more than pay her debt; will not the case be that Exchange will fall under par? consequently, by fair inference, the quantity of Paper circulating in Ireland has no connection with the question at all as to the rate of Exchange.

Do you apprehend that in the period which you have spoken of, that Exchange fell from about 3 per cent. above par to 2 per cent. below it, the fall arose exclusively from the balance of trade, or from what you term the balance of payments, or of debt?—I believe that the balance of remittances at that period was about par, though I cannot positively say so; but that the irregularities of Exchange arose from the mismanagement of the Bankers; and also the mismanagement of a large surplus of Money existing at that time in the Treasury of Ireland was the cause of the irregularities which at that time happened in the Exchange, both of which caused very extensive and ill-founded speculations; and I apprehend (on a false recollection) that, subsequent to the period I am alluding to, similar causes (not strictly so) in Scotland, produced the same effects.

If no restriction on the Bank of Ireland, in consequence of the restriction on the Bank of England, had taken place, would not the Bank of Ireland have been under the necessity of suspending its Cash payments, and of applying for a law to authorize such suspension, supposing the Exchange to have risen to its present or nearly present height?—That is a very delicate question, and goes almost the length of asking the quantity of Specie that existed in the Bank of Ireland at that period; and that being a subject upon which I have taken oath not to give any information upon, with great humility I hope it will not be pressed any further.

Would not the Specie in the Bank of Ireland, whatever its amount might be, have been drawn into this country by the long continuance of the unfavourable rate of Exchange, without the operation of the suspension Act?—It certainly would.

Do you conceive that removing the management of the drawing for the Loan from the hands of the Lords of the Treasury into those of the Directors of the Banks of Ireland and England, would be of advantage to the Public in lowering or steadying the Exchange?—I will give no opinion whether it would be better to have it in the hands of the Treasury or of the Bank; but I will not hesitate to say, that some regulations are necessary, in order to put those drawings under a proper management.

Martin, 8^e die Maii, 1804.

A Member (Sir JOHN NEWPORT) informed the Committee,—

THAT the Notes of the Bank of Waterford now out are not one-half what they were when the Restriction Bill took place; the Post Bills considerably more: The whole together rather more than at that period? but that Bank is now the only Bank in Waterford, whereas at the period of the restriction there was a second one in that city.

Sir J. Newport.

JEREMIAH D'OLIER, Esq; again Examined.

HAVE you received the Return to the Order of this Committee, of the Notes outstanding of the Bank of Ireland, at the time mentioned in the Order?—I have not; the Governors and Directors did hope that it would not be pressed, as it extended to a time previous to the restriction.

Mr. D'Olier.

Can you furnish the account since the restriction?—I can, and will furnish it without delay.

Appendix (Z)

Mr. Irving's Examination on the 21st day of March being read,

Witness was asked,

Are you of opinion that a Loan of £. 1,000,000, £. 3,000,000, or £. 4,000,000 in England, for the use of the Government of Ireland, to be drawn for by or remitted to the Bank of Ireland, as the Bank in its discretion should direct, would operate as such a fund as Mr. Irving recommends, for the purpose of keeping down and steadying the Exchange?—So far as the sum mentioned will amount to or exceed the payments to be made by Ireland to England, and for its other foreign engagements, it will certainly operate to lower the Exchange, perhaps to par, and if the excess be considerable, to below par.

Do not you imagine that that fund would operate more effectually under the management of a commercial house, like the Bank, than in the manner hitherto professed by the Treasury?—Wherever it is conducted on mercantile principles there will be no question that the rate of Exchange will be regular, and all violent fluctuations avoided; I do not presume to put any censure upon the manner in which it has hitherto been conducted at the Treasury, but I am to suppose the persons there were governed in their conduct by orders, or from some principles of which I am not acquainted.

Do not you imagine that by its being conducted on mercantile principles by the Bank of Ireland, improper speculations may be prevented, and a knowledge of the times when Money is to be drawn, and of the quantity to be drawn, would be more effectually prevented, so as to save those fluctuations which such knowledge creates?—I believe it probable.

Do not you think it would?—I do, and I think it ought to do so.

Describe the inconveniences in the manner of the Treasury's drawing, as it respected the Exchange?—I conceived there was a general apprehension that the high price of Exchange was not any thing less than a combination by interested individuals; the fact was, that the high price of Exchange was the true price according to the mercantile interests of the country, and that any attempt to lower it below such price, was, in its effect, as far as related to the drawing by the Treasury, a loss to the Public, though there was no other intention than that of giving a general accommodation of what appeared to those officers the fit and proper rate at which those Bills drawn should be sold; but it had frequently happened that when the Treasury had finished their drawings, that the Public, not being sufficiently supplied with Bills, the Exchange advanced, as I have described, from 1 to 2 per cent. and perhaps sometimes upwards.

Which side of the water fixes the Exchange, as it varies generally from 1 per cent. and upwards?—It is generally understood to be fixed in London; but I entertain a difference of opinion on that subject, believing it to be fixed in the country to which the balance of money is due.

In talking of the course of Exchange between England and Ireland, which would you state to be the rate of Exchange between the two countries, Dublin on London, or London on Dublin?—Either the one or the other, which ever country has the debt due to it.

Since you were first examined before this Committee respecting the state of the Silver and Copper Currency of Ireland, has there been any change in the state of the

Mr. D'Olier, the Currency, or any measures taken that you know of to remedy it?—Respecting the Silver, a contract has been made for a considerable quantity of Dollars, and dies are preparing to strike them, and to render them local for the circulation of Ireland; there has been a considerable quantity of Copper Coin agreed for, and it is now in a state of preparation for that country. It may be possible, that under the circumstances of the price of Silver, a coinage might be undertaken for both countries, but I am not at present able positively, from the information I now have, to pronounce upon it; the rate at which it is proposed these Dollars should be circulated, will be either 5s. 6d. English, or 6s. Irish; the reason of the advance beyond the price at which they are circulated here by the Bank of England, is for the purpose of preventing their exportation by their meeting the price of the Exchange in that advance.

Being asked the quantity of Dollars so contracted for:—Witness says, He is not at liberty to state the quantity, the contract having been made by him on the part of the Bank of Ireland.

Is it any thing near the amount of what you have stated to be necessary for the circulation of Ireland, namely, £. 500,000 sterling?—It is not; and the reason that it is not is, that the Bank of Ireland, at whose Expence solely the present issue is undertaken, could not find themselves justified in undertaking a transaction in which the eventual loss upon the Exchange alone would probably be £. 50,000, besides that which they would suffer when these Dollars should be called in and redeemed by the Bank, by selling them at the reduced price according to which Silver would then sell, they being of an inferior standard to that of the Mint; and which difference of price would probably amount to £. 50,000 more, supposing that they were to be sold at the time a new Coinage should take place. The Bank do not think themselves by any means called upon to provide Silver to discharge all the Silver Paper of Ireland to provide for the payment of the Troops, or the whole accommodation of that country.

Do you know of any other contract, or any other means in contemplation, to procure the difference between your contract and the sum of £. 500,000?—I do not.

Is there any such difference between the Dollars which it is intended to circulate in Ireland, and those which circulate in England, as to prevent the Dollars of either country from circulating in the other?—There is.

Is the intrinsic value of the Dollars the same?—Precisely; the difference will be in the impression of the reverse of the die, and will be very obvious to the view.

How soon do you expect your contract to be ready for circulation?—In about 6 weeks.

Being shown the following advertisement, viz.

“DUBLIN, BANK OF IRELAND.—The Office for the purchase of the adulterated Pieces will be continued open at the east end of the late Parliament House; and until further notice, any number of pieces, not less than 50 or more than 200, will be received and paid for at the rate of 4s. 6d. per ounce; but where the number shall exceed 200, they will, if the holder shall desire, be taken in as bullion, and after they shall have been melted and assayed, will be paid for at the rate of 5s. 9d. per ounce for sterling Silver.

“By order,
“Bank, 23 April 1804.”

Thomas Williams, Sec.”

“N. B. payment will be made in Bank Notes, and no less than 50 pieces will be received.”

Witness was asked, why the price of 4s. 6d. is given for the adulterated pieces in currency for Silver.

Mercurii, 9^a die Maii 1804.

JEREMIAH DOLIER, Esq; again Examined.

Last Question of Yesterday put to the Witness:

THE reason why I understand that price was given for the metal, such as it might happen to be, was, that the directors had inquired of some Silversmiths, who

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who had informed them that each ounce of that base Silver contained pure Silver to the amount of 4*s.* 6*d.* taking the Exchange at 16 per cent. and of Standard Silver to be at the rate of 6*s.* 3*d.* per ounce in Ireland, but I find that the metal is by no means equal to that value; the best of it is found to be worth 4*s.* 5*d.* Irish per ounce, at the rate part of the Silver has been sold in London; if rated at the Mint price, 4*s.* 1*d.* per ounce only, and the bad part of it may not be worth, perhaps, 1*s.* 6*d.* per ounce.

Has the Bank proceeded in exchanging the Silver, according to the advertisement?—They began at 5*s.* on the recommendation mentioned; they have reduced to 4*s.* 6*d.* and most probably have reduced since very considerably upon the information I have sent them.

Is the measure of the new Dollars, mentioned by you yesterday, to be issued at 6*s.* or 5*s.* 11 $\frac{1}{2}$ *d.* Irish, with the concurrence, or in any respect under the authority, of the Government?—I conceive it so to be, having attended the Privy Council here, whose approbation of a token to be issued by the Bank of Ireland, and redeemable by the Bank at the rate of 6*s.* Irish the Dollar, was signified to me.

How was it signified?—Verbally, in permitting me to make the contract which I have mentioned.

Supposing the Exchange to rise materially; for example, to 25 or 30 per cent. would there not be a temptation to melt the new circulating Dollars; and would not a further diminution of their intrinsic value, or a further augmentation of the nominal value of the same Dollar become in that case necessary, in order to retain them in circulation?—There certainly would.

Supposing the Exchange to fall materially; for example, to par, would there not be a temptation to import English Dollars and circulate them at 6*s.*?—There certainly would, the only difficulties in the way of such practices would be the Stamp that is provided for the local circulation of Ireland, and the English Dollars not being redeemable in Ireland.

Is not then the expedient of issuing the new Silver Dollars likely to lead to disappointment and difficulty, in the event of any material fluctuation in the Exchange?—I think the Exchange must have that effect; the whole is only a temporary expedient.

Has any measure been taken for procuring smaller Silver than Dollars for circulation?—I believe not. It is my opinion, that if there be a considerable quantity of Dollars provided, and that the base Silver is completely got rid of, that there will appear a very considerable quantity of Mint Silver (though much worn) to supply, if not wholly, a very considerable portion of the small Silver required for circulation; and I am justified in that opinion, by the experience of the Bank of England, which, upon circulating Dollars, produced a similar effect.

JOHN PUGET, Esq. being called in,

Mr. Puget,

Delivered a duplicate of a continuation of an account of drafts drawn on Mess^{rs} Puget and Bainbridge, from 3rd December 1803 to 4th March 1804, and expressed a wish to give a further statement relative to the mode of transmitting the balance of Loans to the Treasury of Ireland.

Witness being accordingly desired to state it, answered, that when a Loan is made in England, of which part is for Ireland, it is then arranged between the Treasuries of England and Ireland, at what periods the proportion for Ireland shall be paid in London, and this arrangement has always been made with the utmost attention to the convenience of Ireland. As soon as those periods of payments are fixed, the Lords of the Treasury of Ireland draw Bills on the Paymasters General of England for the Sums, and at the periods at which those Sums are to fall due. These Bills the Irish Treasury transmit to their Agents, Puget and Bainbridge, and it was the practice for some time for Puget and Bainbridge (except in a case of emergency) to give the Treasury of Ireland a credit to draw on them only when they had actually received the Money in London, or for Mess^{rs} Puget and Bainbridge, when in Cash, to remit Bills on Dublin to the Bank of Ireland, on the Treasury of Ireland.

That he, from his situation, was well acquainted with the practical part of business, and therefore generally consulted with by the Government of Ireland as to the best mode of transmitting the Loans; he recommended their drawing at twenty-one days sight instead of three days sight, in anticipation of the Bills on the paymasters becoming due. The reasons that he assigned for this change

Mr. Paget.

were first, that he observed the Treasury got no allowance in the Exchange from the takers of their Bills for the difference of drawing at three days sight instead of twenty-one days sight. Secondly, that it enabled the Treasury to commence drawing one month sooner, thereby checking the fluctuation in the Exchange by lessening the sum they had to draw on each day, and also extending their periods of drawing. And, thirdly, that should the necessities of Government require the Money to be received in Ireland one month sooner than it is paid in England, it afforded them the accommodation without a charge of interest, and at the same time it did not debar the Treasury of Ireland from drawing at three days, when they had the cash in their Agents hands.

The practice with the Treasury in Ireland in passing their Bills on their Agent in London, appears, from an examination of Mr. Crofton, chief clerk of the Treasury of Ireland, to be as follows:

"In consequence of the great demands by numerous persons for part of the Bills the Treasury had to draw on London, in all cases where those demands could not be complied with, the name of those wishing for Bills were inserted as they made their application, and Bills were given them in that rotation;" added to this measure it was determined, as long as the Treasury had but a limited sum to draw, comparative with the demand of the public for their Bills, that no one name of the list should have on any one day more than one thousand pounds British, and to prevent difficulty about the course of Exchange at which their Bills were to be drawn, it was determined that the Treasury should draw only on the day following a regular Exchange day, by which they could fix the course of Exchange of their Bills by the rate of the merchants price on the preceding day.

Much general objection has been raised to the above mode of transmitting the Irish Loans, and insinuations have been thrown out that it afforded partial benefits to some individuals. Every one must admit, as far as regulations went, it is clearly shown that the Treasury used their best endeavours to prevent any partiality in the passing their drafts to London; and though the ingenuity and cunning of man in pursuing his own interest, may sometimes frustrate every check that caution throws in his way, yet, by a reference to the names of those who obtained Bills on London from the Treasury of Ireland, it will appear almost incredible that they should have been distributed with so much impartiality, notwithstanding some persons put in the names of their clerks and others to obtain Bills for them.

It may be said, that the Agents in London, by their knowledge of the periods at which Government will have to draw, can avail themselves of this foreknowledge, and reap considerable advantages for themselves and their correspondents, by dealing in Exchange at certain periods. The present Agents can prove that neither they nor any of their correspondents have ever benefited by this foreknowledge; nor is it probable that any person of common sense, in the possession of an employ at once so honourable and profitable, would be short-sighted enough to risk the loss of it by pursuing any temporary advantage for himself and others.

An Exchange being against a country has been long held as a proof that the balance of payments was against that country; that is, while the Exchange so remained against her she had more to pay to other countries than to receive from them; but this consolation has always arisen out of an adverse Exchange, that by making the exports of that country cheaper in foreign markets it was an encouragement to exports, and at the same time it was a tax on imports, and thereby discouraged them, and tended to lessen the evil.

Nothing that has been said of late seems to contradict these opinions, and therefore any attempt on the part of the Treasury to lower the Exchange must necessarily prove either disadvantageous or abortive, particularly the latter, as Government can only draw as their occasions require, and their funds in England permit.

It is true, that the Agents in London never remitted a Bill for the Government of Ireland as part of their Loans, at an Exchange under the currency of the day on which they had to remit; their duty was to remit on the best terms, and it would have been even culpable in them to have done otherwise.

The objections they received from the Irish Government were as much as possible to prevent fluctuations in the Exchange; it needs no argument to show, that as the large sums that were to be transmitted to Ireland the Irish Government

ment made no sacrifice of the public property by such conduct, as on the average of the fluctuations the Exchange would have been in all probability the same.

When the amount of the Drafts drawn by the Treasury, and the short periods they were drawn in, are considered, to any impartial commercial man, knowing the Dublin market, it will appear astonishing that the fluctuation was so little; and it must be observed, to the credit of those who were employed in the Irish Treasury, that this secrecy alone, respecting the amount to be drawn, prevented the fluctuation that would have occurred, to the loss of the public and the gain of the dealers in Exchange.

There is no doubt but the Treasury would have gained much popularity, possibly even with the importing merchants of Dublin, but certainly with the dealers in Exchange, and with all Irishmen residing in or coming to England, if they had drawn their Bills at par, or at a lower Exchange than the currency; but how they could have justified withholding from the public purse such an advantage without an adequate public benefit remains to be shown.

The English Government in 1800, in conjunction with the Irish Government, agreed to exchange Bank of Ireland Notes at the Bank of England, at an Exchange of 9½ per cent. to the amount of the instalments due to Ireland that year; and this was done at the earnest solicitations of some Irish houses in London; but there is reason to suppose that Government did it as an experiment, and from the experience of its partial operation they would not again repeat it.

By the present mode, the Irish Government have the means of receiving accommodation at an interest of 5 per cent. per annum, in their necessities in Ireland should require it, by their Agents in London discounting some of the Bills on the Paymasters, and consequently of the Treasury being excited, at the drawing for the amount in advance, and this accommodation on their part of their money raised in England is but reasonable, because they cannot, like the Government of England, issue Exchequer Bills payable out of certain instalments of their Loan to become due.

If it should be determined that the public are not to receive, through the Treasury, the advantage of the Exchange, and that Government are to have the Loans transmitted in future at a fixed Exchange, to the advantage of individuals and the loss of Government, it forms the Treasury, by the regulations they have made, and which are before recited, are as competent to use translating the business as the Banks of England and Ireland jointly.

But if the Exchange is to be regulated only by the prudence of those employed in transmitting the Loans, then the whole being thrown under the directions of the Courts of Directors of the Banks of England and Ireland, would afford a greater field for individual speculation, and of course of fluctuation, than has been yet practised through the medium of the Treasury of Ireland; and for this plain reason, that notwithstanding the general good intent, care and conduct of the Courts of Bank Directors as Courts, yet the periods, and the amount of the sums to be transmitted, being known to twenty-six Directors in England, and eighteen in Ireland, and to twice the number of clerks in both countries, would afford an opportunity to those among them inclined to speculate, without the chance of discovery, that does not exist at present, where it is thus, it is possible not to fix the charge on those who should be guilty of such a breach of trust.

Mr. Peret.

Exchange was 17 per cent. on the 14th of February 1804, and on the 24 of March, Government gave £. 100,000 in new successive notes, at only £. 9. 16. per cent. on the average of their average price, under that price, and the average on what is now raised is 11. 11. per cent. but is for £. 1,400,000, at 38. 64. per cent. only, under the quoted rate of banking at the prevailing day on which they draw. Government did not at this time receive the notes in Dublin till one month after they were paid in London.